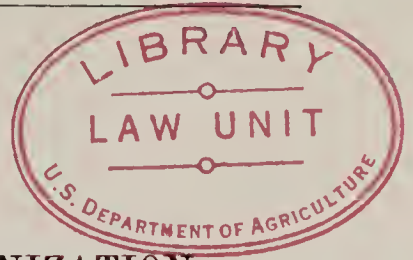


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2
BUDGETING AND ACCOUNTING



HEARING

BEFORE THE

SUBCOMMITTEE ON REORGANIZATION

OF THE

COMMITTEE ON

GOVERNMENT OPERATIONS

UNITED STATES SENATE

EIGHTY-FIFTH CONGRESS

FIRST SESSION

ON

S. 316 and S. 434

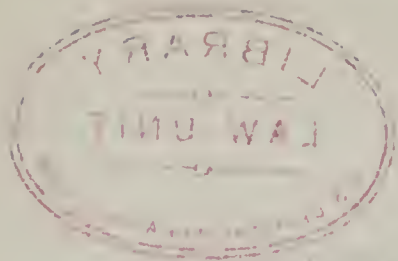
**BILLS TO PROVIDE FOR IMPROVED METHODS OF STATING
BUDGET ESTIMATES**

APRIL 12, 1957

Printed for the use of the Committee on Government Operations



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BUDGETING AND ACCOUNTING

FRIDAY, APRIL 12, 1957

UNITED STATES SENATE,
SUBCOMMITTEE ON REORGANIZATION OF THE
COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D. C.

The subcommittee met, pursuant to call, at 10 o'clock a. m., in room 357, Senate Office Building, Senator Hubert H. Humphrey (chairman of the subcommittee) presiding.

Present: Senator Hubert H. Humphrey, Democrat, Minnesota; Senator Strom Thurmond, Democrat, South Carolina; Senator Margaret Chase Smith, Republican, Maine.

Also present: Senator John F. Kennedy, Democrat, Massachusetts; Walter L. Reynolds, chief clerk, Committee on Government Operations; Miles Scull, Jr., professional staff member; Glenn K. Shriver, professional staff member; Mrs. Kathryn M. Keeney, clerical assistant.

Senator HUMPHREY. The subcommittee will come to order.

We are going to begin hearings this morning upon S. 434, a bill to provide for the stating of appropriations on an annual accrued expenditure basis.

This bill is cosponsored by my distinguished colleagues, Senator Kennedy, of Massachusetts; Senator Payne, of Maine; Senator Byrd, of Virginia; and 47 other Members of the Senate from both sides of the aisle, including myself.

We will also consider S. 316, which likewise provides for stating appropriations on an accrued expenditure basis, introduced by the distinguished Senator from Maine, Senator Margaret Chase Smith, jointly with Senator Kennedy and Senator Payne.

These bills, which implement the Hoover Commission's recommendations for improved fiscal controls, are designed to (1) improve financial management within the executive branch of the Government; and (2) strengthen the control of Congress over expenditures by the executive agencies.

Their objectives are endorsed by the three highest financial officers of the Government: the Secretary of the Treasury, the Director of the Bureau of the Budget, and the Comptroller General of the United States. Moreover, the President of the United States has urged appropriate legislation in this field.

In essence, these bills would require that the executive agencies of the Government present their budget estimates to the Congress for each fiscal year on an annual accrued expenditure basis. If the stating of appropriations is converted to an annual expenditure basis, the Congress would appropriate for each fiscal year upon estimates of expenditures actually to be made or to be accrued during that fiscal year only.

It is recognized that if appropriations are to be stated on this basis, authority will have to be granted by the Congress for the forward planning of long-lead-time programs beyond the current fiscal year. In connection with this, the subcommittee is aware of the existing limitation upon the authority of the Appropriations Committee to include contract authorizations in appropriation bills.

Senator Kennedy, cosponsor with Senator Payne of S. 434, has introduced an amendment which is designed to provide the necessary authority for the inclusion of contract authorization in appropriation bills for the advanced planning of long-lead-time programs. We will hear from Senator Kennedy about this amendment in a few moments.

Before we proceed, I would like to insert into the record a copy of S. 316, S. 434, the amendment to S. 434, and staff memorandum No. 85-1-6-SR, prepared by the staff of the Subcommittee on Reorganization, which analyzes these bills.

(S. 316, S. 434, the amendment to S. 434, and the staff memorandum are as follows:)

[S. 316, 85th Cong., 1st sess.]

A BILL To provide for stating appropriations on an accrued expenditure basis

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201 of the Budget and Accounting Act, 1921, as amended (31 U. S. C. 11) is further amended by adding the following new subsections:

"(b) The amount of proposed appropriations referred to in sections 201 (a) and 203 of this Act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis.

"Annual accrued expenditures' shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

"This subsection shall not apply to appropriations made specifically for the payment of claims certified by the Comptroller General and of judgments; appropriations for the refund of Federal taxes and of other moneys erroneously received and covered into the Treasury of the United States; appropriations made by private relief Acts of Congress; appropriations for the payment of interest on trust funds; revolving funds or appropriations thereto; appropriations for the payment to former members of the Armed Forces, their dependents and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty; and other appropriations or funds analogous to the foregoing.

"(c) The conversion to the use of annual accrued expenditures for stating proposed appropriations in accordance with section 201 (b) of this Act shall be accomplished in such manner and at such times as may be determined by the President.

"(d) As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless hereafter provided otherwise in an appropriation Act or other law. Any remaining balances of each such appropriation or fund shall be merged with any appropriation or fund made for the same general purpose for the ensuing fiscal year and shall constitute a single account."

[S. 434, 85th Cong., 1st sess.]

A BILL To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsections:

"(b) It is the sense of the Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essen-

tial in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures. It is therefore the policy of the Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis.

"(c) The amount of proposed appropriations referred to in sections 201 (a) and 203 of this Act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis.

"Annual accrued expenditures' shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

"This subsection shall not apply to appropriations for the payment of claims certified by the Comptroller General and of judgments; appropriations for the refund of Federal taxes and of other moneys erroneously received and covered into the Treasury of the United States; appropriations for private relief; appropriations for the payment of interest on trust funds; appropriations to provide or increase revolving funds; appropriations for the payment to former members of the Armed Forces, their dependents and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty; and other appropriations or funds analogous to the foregoing.

"(d) The conversion to the use of the annual accrued expenditures method for stating proposed appropriations in accordance with section 201 (c) of this Act shall be accomplished in such manner and at such times as may be determined by the President.

"(e) As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless hereafter provided otherwise in an appropriation Act or other law. Any remaining balances of each such appropriation or fund shall be merged with any appropriation or fund made for the same general purpose for the ensuing fiscal year and shall constitute a single account."

[S. 434, 85th Cong., 1st sess.]

Amendment intended to be proposed by Mr. KENNEDY to the bill (S. 434) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, viz: Add a new section, as follows:

SEC. 2. (a) Whenever an appropriation bill or an amendment thereto provides for an appropriation in terms of annual accrued expenditures, or specifies that an appropriation therein is based upon annual accrued expenditures, it shall be in order to provide in any such appropriation bill or in any amendment thereto the authority to enter into contracts for the purposes of such appropriation in an amount in addition to the amount of such appropriation.

(b) The provisions of subsection (a) of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

SUBCOMMITTEE ON REORGANIZATION,
SENATE COMMITTEE ON GOVERNMENT OPERATION,
February 20, 1957.

STAFF MEMORANDUM No. 85-1-6SR

To: Members, Subcommittee on Reorganization.

From: Miles Scull, Jr., Professional Staff Member.

Subject: S. 434, a bill to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

S. 434 was introduced January 9, 1957, by Senator Kennedy for himself, Senator Payne, Senator Byrd, and 47 other Members of the Senate as indicated on the attached copy.

A similar bill, S. 316, to provide for stating appropriations on an accrued expenditure basis, was introduced on January 7, 1957, by Senator Smith, of Maine, for herself and Senator Byrd and Senator Kennedy.

HEARINGS

Chairman Humphrey of the Subcommittee on Reorganization has scheduled a hearing on these bills for March 12, 1957.* Witnesses expected to testify include the Secretary of the Treasury, the Comptroller General of the United States, the Director of the Bureau of the Budget, and the Comptroller of the Department of Defense.

OBJECTIVES

These bills would require that the executive agencies of the Government present their budget estimates to the Congress for each fiscal year on an annual accrued expenditure basis. This would directly implement the objectives of the second Hoover Commission, which recommended:

"That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures, namely, charges for the cost of goods and services estimated to be received." (Recommendation No. 7, Hoover Commission Budget and Accounting Report, June 1955, p. 25.)

The word "objectives" is used because these bills provide that budget estimates shall be determined on an annual accrued expenditure basis. They do not provide that congressional appropriations shall be expressed in such terms, although the implication follows that if budget estimates are prepared on an annual expenditure basis, congressional appropriations would be made upon that basis. The last sentence of the new proposed subsection (b) (to sec. 201 of the Budget and Accounting Act of 1921), lines 8 to 10, page 2 of S. 434, reads:

"It is therefore the policy of the Congress that *estimates for proposed appropriations* will be determined on an annual accrued expenditure basis." [Italic added.]

Appendix A: For the information of members of the subcommittee, the second Hoover Commission's conclusions upon which recommendation No. 7 is based, entitled "Annual Accrued Expenditure Budget" (pp. 22-25 of the Budget and Accounting Report) are attached to this memorandum as appendix A.

Appendix B: Also attached, as appendix B, is a detailed analysis prepared by the Comptroller General of the United States of the provisions of S. 434, detailing the improvements in financial management which the General Accounting Office believes would accrue from enactment of this legislation into law. Letter to Senator John L. McClellan, February 12, 1957.

Appendix C: Also attached, as appendix C, is a formal opinion of the Comptroller General of the United States relating to the impact S. 434 would have upon the authority of the President to submit requests for authorizations to create obligations in advance of appropriations, i. e., contract authority, letter to Senator John L. McClellan, February 12, 1957.

SECTION-BY-SECTION ANALYSIS OF S. 434

Subsection (b), page 2: This is policy declaration by the Congress, based upon the reasons given therein, that estimates for proposed appropriations should be determined on an annual accrued expenditure basis.

Subsection (c), page 2: This requires that proposed appropriations of executive agencies, provided for by the Budget and Accounting Act of 1921, shall, "to the maximum extent deemed desirable and practicable by the President," be determined on an annual accrued-expenditure basis.

*Changed subsequently to April 12, 1957.

The second paragraph of subsection (c), page 2, defines "annual accrued expenditures" as "goods and services to be received in a fiscal year, advanced payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year."

The third paragraph of subsection (c) exempts certain appropriations—such as, for the payment of claims, to provide for or increase revolving funds, for obligations for which liability is fixed by treaties, etc., from the provisions of S. 434.

Subsection (d), page 3: This provides that conversion by the executive branch to the stating of budget estimates on an annual accrued expenditure basis "shall be accomplished in such manner and at such times as may be determined by the President."

Subsection (e), page 3: This provides that at the end of each fiscal year unexpended appropriations or funds made on an annual accrued expenditure basis shall lapse, unless "hereafter provided otherwise in an appropriation act or other law." The subsection also provides that such remaining balances shall be merged as a single account with any appropriation or fund made for the same general purpose for the ensuing fiscal year.

This is to enable agencies to meet their accounts payable for which, in certain instances, they may not be billed until after the expiration of a fiscal year during which time such appropriations were available for obligation purposes.

HISTORY OF LEGISLATION IN 84TH CONGRESS

As members of the subcommittee may recall, the Senate on June 20 (last) unanimously approved S. 3897 (Public Law 863, 84th Cong.), which contained the identical objectives of S. 434 and S. 316. However, the section relating to budget estimates was stricken in conference when it became obvious because of the objections of the House of Representatives that S. 3897, which also implemented other important Hoover Commission budgeting and accounting recommendations, could not be enacted into law with the budget estimates provision in it.

The House conferees' objections were not stated, except in general terms. The clearest interpretation of the position of the House Appropriations Committee to the budget estimates proposal is contained in that committee's report on the supplemental appropriation bill of 1957, 84th Congress, 2d session, House Report No. 2638, pages 40–41, which reads in part:

"Appropriations, under the accrued expenditure system, would be in effect limitations on annual expenditures. The contention that money can be saved by a combination of such appropriations and contract authority is a snare and a delusion. If, for example, an aircraft carrier is approved for construction under a contract authorization of \$200 million (and assuming it is constructed with the \$200 million), total appropriations must and will be \$200 million. The fact that under contract authority the appropriation may be only \$5 million in the first year in no way alters the inevitable. Under the present one-time total appropriations system, the Congress makes available the total funds required, enabling the executive branch to plan its operations more systematically and in a proper businesslike manner. The Congress, however, reserves to itself its privilege of review with the attendant right and ability to rescind appropriations for those projects or programs no longer desirable or necessary."

At hearings on S. 3897 by the Subcommittee on Reorganization on June 5, 6, 1956, the provision for stating budget estimates on an expenditure basis received the strongest endorsement of the Secretary of the Treasury, the Comptroller General of the United States, and the Director of the Bureau of the Budget—the three highest financial officers of the Government—as well as the general approval of the Department of Defense, subject to a restating of executive authority to contract in advance for long-lead-time programs, which authority presently exists.

In addition, the President on three separate occasions, the last in his message to the Congress accompanying the budget for fiscal 1958, January 16, 1957, has recommended the stating of Government appropriations on an accrued expenditure basis.

CONCLUSIONS

In summary, S. 434 is designed to place the entire governmental financial structure, with the exception of those appropriations exempted, on an annual

accrued expenditure basis. The bill is not a mandate to the President but a granting of authority which he has repeatedly requested.

It is emphasized that subsection (c) gives to the President the widest latitude to determine whether conversion to an annual expenditure basis is either practicable or desirable. Moreover, subsection (d) gives the President unlimited flexibility to determine in what manner and at what time such changes should be made.

If the President is granted this authority, the executive agencies, at the Chief Executive's discretion, would present their budget estimates for a fiscal year, and their justification for the new money to be spent, on the basis of that fiscal year only.

If carried the full circle, the Appropriations Committees would appropriate for each fiscal year upon budget estimates of expenditures actually to be made or to be accrued during that fiscal year only—not upon expenditures to be made in future fiscal years as presently occurs under the present "obligation" budget system.

As indicated in appendix C to this memorandum (letter to Senator John L. McClellan from the Comptroller General of the United States, February 12, 1957), it is the considered opinion of the Comptroller General that the stating of appropriation estimates on an annual accrued expenditure basis does not affect existing authority of the executive agencies to request contract authorization for long-lead-time programs. The Comptroller General's letter states:

"It thus is our considered opinion that the provisions of S. 434 in no way limit the authority of the Appropriations Committees to include contract authority in the appropriation bills. It also is our opinion that in view of very different circumstances attendant to many of the long-lead-time programs of the Government, the necessity for and extent of forward planning authorizations should be determined in each individual case by the Congress rather than by definitive procedures incorporated in this legislation."

It also might be pointed out that the Hoover Commission made clear in its report that when appropriations for long-lead-time programs are stated on an annual accrued expenditure basis it will be necessary for the Congress to give the executive agencies contracting authority in terms of the dollar amount required for orderly forward contracting beyond the budget year.

The Comptroller General in his report (appendix B) points out that the annual budget surplus or deficit is measured by the difference between annual receipts and expenditures. By establishing a direct correlation between appropriations and expenditures through the enactment of S. 434, in the opinion of the Comptroller General, the Congress provides not only itself but the Chief Executive as well, with a much greater opportunity to control the level of governmental operations during a fiscal year.

Moreover, full implementation of this proposed legislation would greatly reduce or eventually eliminate the seventy-odd billion dollars in unexpended carryover balances of appropriations now available for expenditure at the discretion of the executive agencies, with little or no control by the Congress.

Approved:

WALTER L. REYNOLDS, *Staff Director.*

APPENDIX A

THE HOOVER COMMISSION'S CONCLUSIONS

ANNUAL ACCRUED EXPENDITURE BUDGET

Our task force suggests that the present budget which is in terms of obligatory authority be replaced by an annual accrued expenditure budget. This contemplates that agency budgets be expressed in terms of the charges for goods and services estimated to be received during the year—i. e., the accrued expenditures. The authority granted by the Congress should be for 1-year periods and in terms of authority to make such expenditures. The term "accrued expenditures" represents the charges incurred for goods and services received and other assets acquired, whether or not payment has been made and whether or not invoices have been received. Thus, the term "accrued expenditures" is not synonymous with cash disbursements. To clarify this concept, let us consider the Government's activities as being in the following two broad categories:

1. Programs for which the total annual appropriations as now enacted differ materially from the accrued expenditures in each year. In this

category are long-lead-time programs for the acquisition of aircraft, ships, and other military weapons, construction, and research.

2. Government programs where the obligations incurred coincide substantially with the accrued expenditures for each year. The administrative expenditures for most Government agencies are included in this category.

The application of an expenditure budget to each of these categories would be as follows:

1. *Long-lead-time programs.*—Under this proposal an agency would submit initially a properly described program showing the total funds required for its completion, projected in terms of years. The Congress, if it approved the program, would enact an annual appropriation in terms of the estimated accrued expenditures required for the year under consideration. In addition, the Congress would give the agencies contracting authority in terms of the dollar amount required for orderly forward contracting beyond the budget year. The executive branch and the Congress would review the program annually from the standpoint of costs and accomplishment, both completed and projected. The Congress, at the same time, would restate the contracting authority annually as necessary.

2. *Other programs.*—Appropriations for the remaining Government programs, where lead time is not an important factor, should also be placed upon an annual accrued expenditure basis. In these cases contracting authority beyond the budget year will not ordinarily be required. The extension of expenditure budgeting to such areas should be a relatively simple matter. It would place budget appropriations and expenditures on a uniform basis throughout the Government.

A proposal for the use of an expenditure budget was made to the Bureau of the Budget in January 1954 by a group of professional accountants who had studied the problem. Also the Cooper committee in its report on Financial Management in the Department of Defense, October 1954, stated:

"However, in order to gain the maximum benefits from budgeting and accounting on a cost basis, the committee suggests that consideration be given to a basis of appropriating that would be more closely related to costs in the sense of goods and services received than the basis now used. Although some provision for congressional authorization to contract for long-lead-time c. o. d. orders would be needed, the cost approach would focus attention on the resources to be received and those to be used in the budget year."

The Assistant Secretary (Comptroller) of the Department of Defense has expressed the opinion that the idea of an annual expenditure budget has merit and that while there are certain administrative difficulties to be overcome he did not believe them to be insurmountable.

Naturally, the installation of such a plan will raise transition problems. A necessary step would be the rescission of present large balances of unexpended appropriations and the substitution thereof of annual "accrued expenditures" appropriations supplemented by contracting authority. The initial contracting authority granted should be adequate to cover existing contracts with suppliers and thus avoid material revision in existing contracts.

The proposal for an expenditure budget will not alter the protection afforded the Government's suppliers under present appropriation practices. Contractual provisions can be made under which suppliers would be assured payment of their high "starting load" and "tapering off" costs so that in the event of a contract cancellation or cutback they would be protected against loss from such action on the part of the contracting authority. Suppliers, when dealing with the Government, would thus be placed in a position equivalent to that in which they are at present.

Adoption of this proposal will require administrative changes in the Government's budgeting and accounting procedures, particularly in the Department of Defense, and will require education of those concerned with the budgetary process and the working out of the precise mechanics.

The proposal for an annual accrued expenditure budget would assure annual review of past and proposed performance under long-lead-time contracts. That this is important is indicated by the statement of the Director of the Budget in October 1953 that as of July 1, 1953, "\$81 billion of unfinanced appropriations existed as a claim against current and future income or borrowing. The contracts and commitments made as a result of these appropriations became in effect c. o. d. obligations against the Government."

APPENDIX B

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, February 12, 1957.

Hon. JOHN L. MCCLELLAN,
Chairman, Committee on Government Operations,
United States Senate.

DEAR MR. CHAIRMAN: Your letters of January 14 and 15, 1957, acknowledged January 15 and 17, request our comments on S. 434 and S. 316, respectively, which are similar bills relating to the stating of appropriations on an accrued expenditure basis.

The bills are designed to carry out recommendations Nos. 7 and 17 of the Report on Budget and Accounting of the second Hoover Commission which provide:

"That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures; namely, charges for the cost of goods and services estimated to be received.

"That each department and agency be authorized to maintain a single account under each appropriation title or fund for controlling the amount available for the liquidation of valid obligations."

We are in complete agreement with these recommendations. While a great deal has been accomplished in the field of budgeting and accounting in the Federal Government, and the provisions of Public Law 863, approved August 1, 1956 (70 Stat. 782), provide the impetus for additional improvements, we feel that it is highly desirable that appropriations be stated on an annual accrued expenditure basis in order to realize the full benefits of the Hoover Commission recommendations. As you know, this proposal was included as a part of S. 3897, 84th Congress, when it was passed by the Senate, but was deleted prior to final enactment of that bill as Public Law 863. We strongly favored its enactment as a part of that bill throughout all of its considerations in both Houses of the Congress.

The language of S. 434 and S. 316 is substantially identical to the language of S. 3897, 84th Congress, pertaining to this proposal, except for the inclusion of an additional statement of congressional policy in S. 434. We agree with this statement of congressional policy and believe that its enactment into law is desirable. It is a firm statement of the desire of the Congress that proposed appropriations be determined on an annual accrued expenditure basis. Other provisions of the proposed legislation, however, in recognition that this may not be practicable in some instances and that it may not be accomplished overnight, give the President wide flexibility in his implementation of the proposed law.

The stating of appropriations on an accrued expenditure basis together with the furnishing of cost data to the Congress, as provided by Public Law 863, would provide the best opportunity for improved correlation of programing, budgeting, and accounting. Congressional control of costs and expenditures can only be achieved by the maximum utilization of many tools. The stating of appropriations on an accrued expenditure basis can be made a very important tool for the Congress if effectively installed.

Stating appropriations of funds on this basis is a natural extension of the cost budgeting enacted in Public Law 863, 84th Congress. Under that provision of law, the agencies will submit budgets to the Congress which will show the estimated costs of a program, the inventories, and other assets available for use in the performance of the program, and the amount of additional funds needed to finance that performance each year. However, since the present basis of stating proposed appropriations is in terms of obligational authority, i. e., the amount of funds which an agency considers it needs to earmark for contracts and orders covering current and future deliveries of goods, the appropriation requested for any year under the present method is not in many cases closely related to planned performance under the program during that year.

In those operations concerned primarily with salaries and travel expense the time relation between the creation of an obligation and an expenditure is relatively short. In such circumstances, resources available other than new money are ordinarily of no great significance and there is ordinarily a rather direct correlation between obligations, expenditures, and costs. These are the operations which represent the larger group in terms of numbers, but represent the less significant portion of the budget from a dollar standpoint. In the area of operations where long lead time is characteristic, such as major procurement, construction, and research and development, which represent the greater

dollar portion of the budget, obligation and expenditure data have their greatest limitations for both Congress and management. We thus believe that the conversion to the use of appropriations stated on an annual accrued expenditure basis could best be applied at the outset to this latter area of operations involving long lead time.

All of the present safeguards of consideration and control of total program costs are retained under the annual accrued expenditure basis of stating appropriations. Indeed they are improved because, in addition to providing for consideration of the total estimated cost, this method of determining appropriations provides a means of direct congressional control over the yearly segments of planned performance. It provides an orderly review by the Congress of the amount of funds needed in any year in relation to the year-by-year accomplishments and their costs as compared to each year's estimated performance and estimated costs, as well as the continuing needs of the program in relation to current national and international conditions.

There are other advantages of placing appropriations on an accrued expenditure basis. The annual budget surplus or deficit is determined on the basis of expenditures. Placing appropriations on the annual accrued expenditure basis is, in our opinion, a practical approach to a direct correlation between annual appropriations and expenditures. It vests in each Congress a much greater opportunity to control the level of operations during a particular budget year and would mean the elimination of the vast carryover balances now available for expenditure at the discretion of the executive agencies. The present situation concerning available balances stems from the fact that congressional control through appropriation authorization and Budget Bureau control through apportionments are both exercised in terms of authority to obligate rather than budgeted work plans for the cost of goods and services estimated to be received.

It is inherent in the annual accrued expenditure basis of stating appropriations that congressional authority be granted for the advance planning which necessarily precedes the phase of operations covered in an annual accrued expenditure budget. In the past, this authority to create obligations in advance of appropriations has been commonly referred to as contract authorization. The authority to include requests for such contract authorizations in the budget, which is contained in the present section 201 of the Budget and Accounting Act, 1921, in view of the definition of the term "appropriation" contained in section 2 of that act, as amended, will not be abrogated by the provisions of S. 434 or S. 316. It is a significant fact, however, that heretofore both contract authorizations and subsequent appropriations were stated in terms of obligational authority whereas under the recommendations herein being considered only the initial authorization would be stated in terms of the broad and difficult-to-apply concept of obligations whereas annual appropriation of funds could be stated much more definitely in terms of accrued expenditures because of the time factor. The initial authority which may cover a forward period, sometimes as long as 5 years or more, obviously cannot be supported with detailed plans. On the other hand, as those plans take shape in succeeding years much more precise planning and authorizations are practical when stated in terms of accrued expenditures.

While contract authorizations will continue to be accounted for on an obligation basis, the primary purpose of recording such obligations will be to insure that the total amount of the contract authorization is not exceeded. Such accounting can be relatively simple and there would be no incentive for an agency to rush to obligate such contract authorization prior to the expiration of any one fiscal year.

The determination of appropriations on an annual basis in terms of estimated performance during that year, i. e., the annual accrued expenditure basis, with concurrent authority to enter into contracts to insure orderly future deliveries on long-lead-time programs, is in no way detrimental to the interests of contractors. The Government's liability to a contractor for a contract issued under this method of appropriation and subsequently canceled or terminated would be no different than the Government's liability in similar circumstances under the present method of stating appropriations in terms of obligations. The only change required would be that payments to the contractor for performance each year would be made out of the funds appropriated by the Congress each year for that purpose and not out of funds appropriated in some past year.

We do not subscribe to the view that, if contracts and orders are placed under a grant of authority to enter into such contracts, such letting of contracts creates a binding obligation for which a future Congress must appropriate

funds in the amount of the outstanding contracts. If, in the considered judgment of a Congress, a program entered into by an agency should be curtailed or eliminated in the best interests of the United States, the unperformed portion of outstanding contracts would be canceled and undoubtedly the Congress would, if necessary, appropriate funds to pay for the termination. Also, the year-by-year control of a program, inherent in the annual accrued expenditure basis of the appropriations, provides the Congress with a current and continuing tool for exercising restraint over contracting on a continuing program whose costs are substantially exceeding the original estimated costs in which the program was approved, or whose performance is dragging.

We thus believe that this proposed legislation, if effectively implemented, would provide both the President and the Congress much greater control over Federal expenditures and strongly recommend its favorable consideration.

Six copies of this report are enclosed as requested.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

APPENDIX C

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, February 12, 1957.

Hon. JOHN L. McCLELLAN,
*Chairman, Committee on Government Operations,
United States Senate.*

DEAR MR. CHAIRMAN: Your letter of January 23, 1957, acknowledged January 24, requests our views on the question of whether contract authority can continue to be granted under the provisions of the bill S. 434.

S. 434 merely adds four new subsections to the present section 201 of the Budget and Accounting Act, 1921 (42 Stat. 20), as amended, which would direct, with certain limitations, that proposed appropriations be determined on an annual accrued expenditure basis. The purposes of the bill are to carry out recommendations numbered 7 and 17 of the second Hoover Commission's Report on Accounting and Budgeting. In the discussion preceding recommendation No. 7 in that report on accounting and budgeting, it is made abundantly clear that when appropriations for long lead-time programs are stated on an annual accrued expenditure basis, it will be necessary that the Congress give the agencies contracting authority in terms of the dollar amount required for orderly forward contracting beyond the budget year. This point also was emphasized in the testimony of various witnesses in the hearings on S. 3897, 84th Congress.

The present authority for the inclusion of contract authority in the budget estimates is section 201 of the Budget and Accounting Act, 1921, since the term "appropriations," as used in that act, is defined in section 2 thereof, as follows:

"The term 'appropriation' includes, in appropriate context, funds and *authorizations to create obligations by contract in advance of appropriations*, or any other authority making funds available for obligation or expenditure." [Italic supplied.]

In view of this definition of the term "appropriations" as used in the entire Budget and Accounting Act, 1921, it is clear that in the context in which the term "appropriations" is used in section 201 (c) of that act as proposed by S. 434, it refers only to the appropriation of funds and, therefore, does not affect the existing authority to request contract authorization. In our letter of June 6, 1956, B-124623, B-125294, B-126614, to the then chairman of the Subcommittee on Reorganization, Senate Committee on Government Operations, we stated that the existing authority to include requests for contract authorization in the budget would not be abrogated by the language in S. 3897, 84th Congress. The language of that bill was identical to the language of S. 434, except for the statement of congressional policy in S. 434.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

Senator HUMPHREY. I also will insert in the record at this point statements by Senator Frank A. Barrett, of Wyoming, Senator Wallace F. Bennett, of Utah, and Secretary of the Treasury, George M.

Humphrey, who are unable to be present today, as well as a statement by Mrs. R. I. C. Prout, of Washington, D. C., president of the General Federation of Women's Clubs, and a telegram from Gavin W. McKerrow, chairman of the Wisconsin Committee on Hoover Commission Findings.

(These statements are as follows:)

STATEMENT OF HON. FRANK A. BARRETT, A UNITED STATES SENATOR FROM THE
STATE OF WYOMING

Mr. Chairman, I appreciate the opportunity to appear before this committee today in support of S. 434 which provides for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

Mr. Chairman, I have consistently supported the recommendations of the Hoover Commission because I have always been in agreement with the purposes of that bipartisan organization. I don't believe anyone can criticize efforts to improve our system of government, and I have no doubts that the Hoover recommendations which have been adopted so far have a record of doing just that.

I don't mind saying, Mr. Chairman, that I was mighty disappointed last year when S. 3897, of which I was one of the cosponsors, was amended in conference committee and those provisions of the bill providing for the stating of budget estimates on an annual expenditures basis were deleted. While the remaining portion of this legislation, which became Public Law 863 of the 84th Congress, represented a step in the right direction to improve our budgetary and accounting methods, the deleted portions were also of prime importance.

I was delighted, therefore, when the bill now before this committee was introduced early in this session, and I was very happy to be able to again be included among the cosponsors of the bill. I think it is important to note that 48 members of the Senate have joined as cosponsors of this bill, thus testifying to the worthiness of its purpose.

This is a year when economy in government has taken on a new importance. Not only is it apparent that Congress must take a close look at the budget with an eye to its reduction wherever possible, but it is also important that we complete what we started out to do during the 84th Congress with S. 3897, now Public Law 863, and that is to provide effective congressional control over expenditures.

Mr. Chairman, when I appeared before this committee last year in support of S. 3897, I stated that, as our Federal Government has expanded its services to the people of this country, it has been necessary to enact laws for new procedures in Government operation. All of these laws have been designed to provide more and better service to the people of the Nation.

I would like to reemphasize a point I made in my statement before this committee last year, Mr. Chairman, and that is that I am convinced the placing of the entire Government financial structure on an annual accrued expenditure basis will permit a much closer supervision by Congress over Government spending and costs.

This important step will, I believe, insure that this Government will operate on a wise and sound financial basis and will be getting maximum use of the taxpayer dollar. The President has repeatedly requested authority for this step, and this bill will provide him with that authority. Furthermore, it will enable Congress to exert much greater control over Government spending by requiring executive agency budgets be stated in terms of annual expenditures rather than in terms of obligated authority. If this bill is passed, the executive agencies of Government will present their budget estimates for a fiscal year on the basis of that fiscal year only. To me this is a sound and logical approach to the question of good budgeting and accounting procedures.

One more point, Mr. Chairman, which I believe to be an important consideration for this committee. The provision for stating budget estimates on an expenditure basis has received the support and endorsement of the three highest financial officers of our Government—the Secretary of the Treasury, the Comptroller General, and the Director of the Bureau of the Budget.

I am, therefore, again most happy to join with Senator Kennedy and other Senators in cosponsoring this legislation. Again I want to express my appreciation for the opportunity to appear before this committee to express my

support of this legislation. I urge this committee to report this bill favorably and without delay. Thank you.

STATEMENT OF HON. WALLACE F. BENNETT, A UNITED STATES SENATOR FROM THE
STATE OF UTAH

Mr. Chairman and distinguished members of the subcommittee, once again I appreciate the opportunity of appearing before you in support of a bill to improve Federal budget and accounting procedures, pursuant to certain recommendations of the Second Hoover Commission.

S. 434, as you well know, is nearly identical to that part of S. 3897, which was unanimously approved by the Senate last June during the 84th Congress, providing that the President's budget and congressional appropriations be stated in terms of annual accrued expenditures rather than in terms of obligated authority as is presently the case.

I was sorry to see the House of Representatives object so strenuously to this most important section and I felt that much of the benefit of the accounting revision bill was lost when this section was dropped because of that opposition. I thoroughly agree with the statement Senator Kennedy made when the bill was introduced to the effect that he regarded this provision as "the very heart of the (Hoover) Commission's highly commended revision of our complicated financial structure."

The fact that the present system results in the obligation of sums of money in a given fiscal year or over a period of fiscal years, without direct reference to when the accrued expenditures actually occur has resulted in building up unexpended balances in the various departments of Government until they now amount to some \$74 billion. Needless to say, the Congress has lost complete control over these sums. By requiring appropriations to be stated in terms of annual expenditures rather than in terms of obligated authority, I feel the Congress would be able to exert much greater control over the purse strings of Government spending. As I said during my testimony last year, the adoption of this provision would make it possible for the Congress to examine anew the effectiveness of programs needing the appropriation of funds that year, even though the program in question had been authorized at an earlier date.

I think the administration has shown good judgment in requesting the enactment of this recommendation of the Commission. I am pleased that the bill states clearly that the appropriation estimates shall be determined on an annual expenditure basis "to the maximum extent desirable and practicable by the President," and "in such manner and at such times as may be determined by the President." In view of the President's support of the bill, I am confident that the rather sweeping changes which it will authorize will be made in the various departments as rapidly as possible.

I congratulate this committee for the work they have done on this measure, and in expediting the passage of the money and timesaving recommendations which we were able to adopt last year. I strongly urge that the committee favorably report S. 434, so that we may enact this important recommendation during the present session of Congress.

STATEMENT OF HON. GEORGE M. HUMPHREY, SECRETARY OF THE TREASURY, IN
SUPPORT OF S. 434

Mr. Chairman and members of the committee, I appreciate the opportunity to submit to you a statement with reference to S. 434, a bill "To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations," including the amendment to the bill intended to be proposed by Senator Kennedy, submitted on March 21, 1956. This bill, with its proposed amendment, is an effort to give effect to the recommendation contained in the Report on Budgeting and Accounting of the recent Hoover Commission. This recommendation read "That the Executive budget and congressional appropriations be in terms of estimated annual accrued expenditures, namely, charges for the cost of goods and services estimated to be received."

In my letter to the chairman of this subcommittee on June 1, 1956, in connection with the hearings on S. 3897, 84th Congress, a bill to improve governmental budgeting and accounting methods and procedures, I supported completely the

objectives of the Hoover Commission recommendations on budgeting and accounting. Several of these recommendations have been made effective through the enactment by the 84th Congress of Public Law 863, approved August 1, 1956, including the recommendations that, as soon as practicable, Government accounts be maintained on the accrual basis and that agency budgets be formulated and administered on a cost basis.

Agencies will be required to determine their needs on the basis of costs and maintain their accounts on an accrual basis. When this is done, only then is it possible to begin to correlate what is produced and performed with actual cost for the same period of time. This change in accounting should provide an excellent basis for improvement in control over actual costs of operations and programs. It will provide the Congress and the executive branch of the Government a better opportunity to examine and review the results of operations with estimates based on budgeted working plans which would be developed and accounted for on the basis of the cost of goods and services received for a particular fiscal year. It should reduce the vast carryover of appropriation balances representing, for the most part, obligations for goods and services to be received and paid for in subsequent fiscal years. This situation has caused me some concern in the past. Any means by which we can bring this carryover of appropriations under better scrutiny and review will be a step in the right direction.

S. 434 is a further move forward because at the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures shall lapse. This leaves a vast area of activities where capital goods and services have to be acquired for delivery beyond the year in which contracts are made. It will be necessary for the Congress to provide contract authority in these cases. I believe contract authorizations for long-range projects are preferable over the present basis of appropriating, because they would provide a means for a thorough review and examination of progress made and commitments outstanding at the end of each year when the current budget is being considered. To secure the advantages which can be obtained through adoption of accrued expenditure-based appropriations, it will therefore be necessary for the Congress to provide affirmatively that it shall be in order in appropriation bills to include contract authority for financing of long-range activities, as is provided for in the proposed amendment to S. 434.

STATEMENT ON RECOMMENDATIONS OF THE HOOVER COMMISSION BY MRS. R. I. C. PROUT, PRESIDENT OF THE GENERAL FEDERATION OF WOMEN'S CLUBS

The General Federation of Women's Clubs is an organization with an active membership of 875,000 women and an associate membership of 5½ million in the United States. The federated clubs are composed for the most part of women with families, who are constantly confronted with the problem of distributing the family income so that it will provide the greatest benefit to all its members.

The General Federation has long been interested in the wise expenditure of money in government and in 1953, in convention assembled, passed a resolution endorsing a program of economy for the Government of the United States. We are well aware that government, like the individual family, cannot spend itself into prosperity, and of necessity must plan to have reserves on hand for emergencies. We know that our Government has an excellent credit record, but we also realize there is a limit beyond which it is dangerous to continue to use credit.

The General Federation of Women's Clubs believes the Hoover Commission has done an outstanding job in setting out ways and means to effect a substantial saving in Government expenditure. The recommendations of the second Hoover Commission were endorsed by our delegate body in annual convention, May 1956, as follows:

"Whereas the second Hoover Commission was appointed because of the insistent need of economy in government without sacrifice of essential services; and

"Whereas the General Federation of Women's Clubs has a continuing interest in the objectives and reports of the second Hoover Commission and in the implementation of certain recommendations contained in the reports; therefore

"Resolved, That the General Federation of Women's Clubs in convention assembled, May 1956, recommends that clubs study carefully the details of the report of the second Hoover Commission; and further

"Resolved, That the General Federation of Women's Clubs support congressional action which would implement those provisions in the report which are in accord with duly established policies of the General Federation."

The General Federation is particularly impressed with recommendation No. 7 which would provide that the executive budget and the congressional appropriations be in terms of estimated accrued expenditures, with appropriations to be voted on an annual basis. In this way fabulous sums of money will not be tied up by long-range appropriations with no current accounting of cost and service.

No successful business could long exist without reports on its annual expenditures, and since the United States Government is the world's largest business organization, with ever-increasing obligations for national defense and the needs of our growing population, it certainly seems in the best interests of our economy to operate under a system of accounting and appropriations whereby a yearly or annual report would make it possible to know at all times where greater economy can be effected.

The General Federation of Women's Clubs urges legislation for the implementation of recommendation No. 7.

MILWAUKEE, WIS., March 9, 1957.

Senator HUBERT HUMPHREY,

Senate Committee on Government Operations,

Senate Office Building, Washington, D. C.:

The Wisconsin committee on Hoover Commission findings has endorsed the principle of appropriating on an annual accrued expenditure basis to heighten congressional awareness of obligations and tighten fiscal control. We urge your committee support of S. 434. Please read this into your committee record.

GAVIN W. MCKERROW,

Chairman of Wisconsin Committee on Hoover Commission Findings.

340 WASHINGTON BUILDING, MADISON 3, WIS.

Senator HUMPHREY. The first witness will be Senator Kennedy.

Senator Kennedy handled this legislation last year as chairman of this subcommittee.

Senator, we are very happy to have you here and glad to hear from you.

Senator KENNEDY. Thank you very much.

Senator SMITH. If the Senator will yield a moment, I would like to state I have some constituents of mine appearing before the Banking and Currency Committee this morning and I want to ask the chairman to excuse me without interrupting the testimony as I go out.

Senator HUMPHREY. I am sorry Senator Smith must leave, but, as we all know, the Senator from Maine is very familiar with this legislation, having introduced comparable bills in both the 84th and the 85th Congresses.

Senator SMITH. I shall be back.

STATEMENT OF HON. JOHN F. KENNEDY, A UNITED STATES SENATOR FROM THE STATE OF MASSACHUSETTS

Senator KENNEDY. It is a privilege to appear before you in support of S. 434, which I have proposed, along with Senator Byrd, Senator Payne, Senator McClellan, chairman of the Committee on Government Operations, Senator Humphrey, chairman of the subcommittee, and Senators Smith, Thurmond, Symington, Martin of Iowa, and Curtis, members of the Subcommittee on Reorganization, which is considering this matter.

S. 434 provides authority to the executive branch to present budget estimates on an annual accrued expenditure basis. This subcommittee, of which I was chairman last year, reported a similar bill. It was

unanimously reported by the subcommittee and the full Committee on Government Operations and unanimously passed the Senate. Unfortunately, the provision calling for the statement of budget estimates on an annual accrued expenditure basis was stricken in conference with the House.

I cite the history of the legislation only to show the great support which this matter and this principle have received in the United States Senate during the last two years.

Permit me first to comment on this concept of an annual accrued expenditure budget. The term "annual accrued expenditure" is, I think, somewhat forbidding to us who are not accountants. However, if we think of it as the amount of charges incurred by the Government during one fiscal year—whether actually paid out in cash during that year or not—for services, materials, and other assets received during that year, it seems to me that we take some of the mystery out of the terminology.

A statement of Government finances on this basis, actual goods and services charged for, would be a major step toward improved fiscal control. Under the present system, those who ultimately spend Government funds are concerned primarily with the obligation of these funds. Thus, attention is focused on contracts and orders placed and there is a very serious tendency to think of the job as done, once the obligations have been made.

The annual accrued expenditure approach, on the other hand, directs attention to the actual work program for a particular year, and into the operating cost, inventories and other assets and resources available and necessary for the performance of that specific program. In a word, the annual accrued expenditure method of stating budget estimates is intended to orient the whole thinking of the executive branch and the Congress to the question of performance of specific tasks during a particular time period and, thus, will result, I believe, in bringing an air of reality to Government financial practices.

S. 434, which implements one of the most important recommendations of the second Hoover Commission, proposes substantial changes which cannot be effected instantaneously throughout the Government; but the work already done in the executive branch to bring about improved accounting procedures will certainly facilitate the transition envisioned by this bill.

As you know, Mr. Chairman, certain technical problems came to light recently in connection with S. 434. These difficulties related to the question of the Appropriations Committee being able to provide advance commitment authority to agencies procuring long lead-time items under the bill as originally drawn.

After a considerable amount of work and consultation with my colleagues, particularly Senator Payne and Senator Byrd, we have developed an amendment to S. 434 which adds a new section to the bill. This amendment takes care of the technical difficulty to which I have referred and I should like to include for the record a letter to this effect which I have received from Senator Hayden.

In part, Senator Hayden said, "In my opinion this amendment would provide adequate authority for the Committee on Appropriations to include contract authority in appropriation bills."

Senator HUMPHREY. Senator, would you like Senator Hayden's letter to be printed in the record at this point?

Senator KENNEDY. Yes, it would be helpful if you would, Mr. Chairman.

(The letter is as follows:)

UNITED STATES SENATE,
COMMITTEE ON APPROPRIATIONS,
April 8, 1957.

HON. JOHN F. KENNEDY.

United States Senate, Washington, D. C.

DEAR JOHN: In reply to your letter of April 6, I have examined the amendment to S. 434 which you have proposed. In my opinion this amendment would provide adequate authority for the Committee on Appropriations to include contract authority in appropriation bills.

I thank you for bringing this matter to my attention.

Yours very sincerely,

CARL HAYDEN, *Chairman.*

Senator KENNEDY. In addition to obtaining Senator Hayden's substantive views, I also have had this amendment reviewed by the Parliamentarian of the Senate, Mr. Charles L. Watkins, and the Senate Legislative Counsel, Mr. John Simms, who have given me an informal advisory opinion that the amendment is technically sound.

I should like to conclude my statement to the subcommittee by calling attention to the size of the budget that we have before us; the concern in the Congress for budget reduction; and the fact that there are billions and billions in unexpended balances carried over year after year, which prevent the Congress from effectively controlling the amount that is spent each year.

I think the passage of this bill, requiring that appropriation requests be submitted to the Congress by the Bureau of the Budget on an annual accrued basis, would imply that the Congress will take action on the appropriations on the same basis. Two billion or three billion dollars hanging over the program every year confuses the Members of Congress as to how much is actually available for expenditure during a given year, providing, therefore, a yearly review of program costs. The inauguration of this system will give the Congress a far greater control over appropriations and be a major step forward in bringing about greater fiscal efficiency, more businesslike management, and, I believe, reductions in Federal spending.

Senator HUMPHREY. Senator Kennedy, is it not true that the President has, on one or more occasions, requested this type of authority.

Senator KENNEDY. Yes, Mr. Chairman.

As you know, the Secretary of the Treasury has endorsed it, the Bureau of the Budget has endorsed it and, of course, it was a recommendation of the Hoover Commission.

Senator HUMPHREY. This legislation could have a decidedly beneficial effect upon our foreign-aid program, could it not?

Senator KENNEDY. It certainly could, Mr. Chairman, because one of the problems that we have had in considering the foreign-aid program has been this matter of unexpended balances which are carried over every year.

It seems to me that preventing this situation and calling for appropriations on the basis of what will actually be spent, what charges actually will be incurred that year, will give us a far greater control. Moreover, sound programs can be more readily justified and supported if we have good cost data and, most important, Congress will retain a larger measure of control. Unfortunately, under the present

system of making available full obligational authority at the beginning of a program, Congress never has an opportunity for a realistic review of the program.

Senator HUMPHREY. We witnessed on occasions the belated haste on the part of an agency to obligate funds before the end of the fiscal year. Sometimes that rush toward trying to obligate funds made available ends up in poor program planning and wasteful expenditure of public funds.

The purpose behind this legislation that you have sponsored—is to directly relate appropriations to the expenditures that will be made each year and thereby hold accountable the agency administrative officer for program planning, as well as the utilization of the funds for the fiscal year. Is that right?

Senator KENNEDY. That is right. The budget estimates will be presented on the basis of the annual costs to be incurred. It will be possible for the Government to come up with such annual cost estimates because of the budget and accounting reforms which Congress authorized last year; although it will probably be some time before the necessary accounting systems can be installed throughout the Government. When completed it seems to me that we will have a much more accurate combination of fiscal tools to manage this whole apparatus of Government. These carryover funds, amounting to almost the budget itself this year, it seems to me, limit the opportunities of the Congress to really control each year the amount the Government will spend.

Senator HUMPHREY. This would be particularly true in the Department of Defense and in the International Cooperation Administration, and in the Department of State. Is it your belief that this legislation would directly improve the management of the tremendous sums of money appropriated for the programs of these agencies?

Senator KENNEDY. That is correct. In other words, for long-lead-time items, this bill provides for the use of contract authorization by the Government, and then each year the appropriations will be made on an annual accrued basis; so that we will have, say, over a period of 4 or 5 years, contract authority for long-lead-time items and each year the Congress will appropriate those sums based on a cost basis which will be required for the furtherance of that program for that particular year. Therefore, it seems to me you will have a much more realistic budget than under the present system in which you charge a \$5 million item in one year's budget, when such an item might be expended at the rate of \$1 million per year over a 5-year period. It seems to me that gives an artificial picture to the budget which this bill will prevent.

Senator HUMPHREY. This bill also would make it possible for the Congress to maintain very detailed scrutiny over expenditures each year?

Senator KENNEDY. That is correct.

Senator HUMPHREY. And thereby give the public more information on the amount of moneys that are required to operate these programs each year.

Senator KENNEDY. That is correct.

Senator HUMPHREY. I think this has to be emphasized because I am convinced the public doesn't quite understand what is meant by ob-

ligating funds for a long period of time. I am also confident that many people do not understand how difficult it is for the Congress to review these funds, once they are obligated, to determine how they are actually being expended. This bill would provide that each year the Appropriations Committees would review the amount of money that was expended the previous year, how it was expended, and for what purpose, as well as the amount to be appropriated the current year.

Senator KENNEDY. Yes, this bill would permit a close examination of the program for the budget year on the basis of the actual cost of carrying on the program that year. Therefore, the budget would reflect even more accurately what the Government is doing each year.

Senator HUMPHREY. Senator Thurmond?

Senator THURMOND. Senator Kennedy, this bill would reveal to the Congress and the public, as I understand it, whether there was any carryover, which they might not be acquainted with if this bill is not passed; is that correct?

Senator KENNEDY. That is correct. There would be a carryover of obligations created by a contract on long-lead-time items. The actual money to be spent during a budget year would be appropriated on a yearly basis and, therefore, there would be no carryover of funds, except, possibly, small amounts to pay for goods or services delivered in the previous year. The intention of the bill, though, is to provide for the yearly appropriation by Congress of the actual funds to be spent that year.

Senator THURMOND. Does this bill provide that any funds appropriated but not used would revert to the Treasury rather than be carried over?

Senator KENNEDY. That is correct; unused appropriations would lapse and be returned to the Treasury.

Senator HUMPHREY. Senator Smith?

Senator SMITH. I have no questions.

Senator HUMPHREY. Any other questions, Senator Thurmond?

Senator THURMOND. No questions.

Senator HUMPHREY. Senator Kennedy, if you have anything that you would like to add with reference to the amendment, we will be glad to hear you. You do feel that this amendment will accomplish the objective that you had in mind and at the same time will meet with the general approval of the Appropriations Committee?

Senator KENNEDY. Yes.

Senator, as you know, Senate rule XVI provides that the Committee on Appropriations shall not report an appropriation bill containing amendments proposing new or general legislation. Contract authorization is considered to be new and general and, therefore, a point of order could have been raised. However, the amendment we have here, which, as I said, has been cleared with Senator Hayden and the Parliamentarian, provides that rule XVI shall be waived on the matter of contract authorization. I believe this is a satisfactory solution to the problem and I would like to present the amendment for the subcommittee's consideration.

Senator HUMPHREY. You do not believe this would encounter any objection from the leadership in the Senate, do you?

Senator KENNEDY. No, I do not. I think the amendment is a sound one for which there is precedent. It is now a question of what they

will do in the House, which I can't predict; but at least the amendment meets the problem very fairly, and I think, supported by the views of Senator Hayden and the Parliamentarian, that it would deal very effectively with the situation.

I would like to present the amendment.

Senator HUMPHREY. Thank you. I believe we have already incorporated the amendment into the record.

(The amendment appears on p. 3.)

Senator HUMPHREY. Senator Kennedy, if you have completed your testimony, we would like to have you sit with the subcommittee because of your intimate knowledge of this legislation.

Senator KENNEDY. Thank you, Mr. Chairman.

Mr. Chairman, I would like to present the testimony of Senator Frederick G. Payne, who is a cosponsor of S. 434 and has been a strong supporter of this legislation.

Senator HUMPHREY. We will incorporate Senator Payne's statement in the record at this point.

Senator KENNEDY. He was unable to be here, but, of course, he is highly interested in this matter.

(The statement is as follows:)

STATEMENT OF HON. FREDERICK G. PAYNE, A UNITED STATES SENATOR FROM THE STATE OF MAINE

It is a great privilege for me to submit this statement in full support of S. 434, the bill to provide legislative recognition of the annual accrued-expenditures concept of stating budget requests and appropriations. Approximately a year ago I appeared before this committee to discuss S. 3199, a bill which I had prepared to implement the budget and accounting recommendations of the second Hoover Commission. At that time we talked at some length about the annual accrued-expenditure concept, which had been strongly stressed by the Hoover Commission, and which was fully endorsed by the General Accounting Office and the Bureau of the Budget.

The upshot of the hearings last March was the drafting of S. 3897 and its introduction by my very capable and distinguished colleague, Senator John F. Kennedy, and myself, along with many other Senators who joined as cosponsors. That bill, as you are aware, became Public Law 863 of the 84th Congress, but only after the House of Representatives had stricken from it the provisions dealing with the annual accrued-expenditure concept.

The bill under consideration today would simply put into law the provisions which it was not possible to enact last year. The annual accrued-expenditure concept has the full support of the President of the United States, the second Hoover Commission, the Bureau of the Budget, the Secretary of the Treasury, the General Accounting Office, fiscal experts both in and out of the Government, the United States Senate, as indicated by its passage of the measure last year, and, last but not least, as I am sure all of the members of the committee are aware from mail they have received, the American people.

Before going on to discuss S. 434, I should like to comment briefly on Public Law 863. As was pointed out at the time of adoption of this measure, it, coupled with Executive action taken by the White House last spring, had the effect of implementing the majority of the Hoover Commission's budget and accounting recommendations. The significance of this act is really rather far reaching and may best be demonstrated by some of the things that have been said about it. In his budget message submitted to Congress on January 16, 1957, President Eisenhower commented as follows:

"In accordance with the recommendations of the second Hoover Commission, an Office of Accounting has been established in the Bureau of the Budget to help the Federal agencies to improve further their financial management and, in that connection, to put into effect the principles of accrual accounting and cost-based budgeting approved in legislation enacted last year. Modern accrual accounting

will make possible better management through improved information needed to control costs."

On January 30, 1957, the Secretary of the Treasury, the Director of the Bureau of the Budget, and the Comptroller General submitted their eight annual progress report under the Joint Program To Improve Accounting in the Federal Government to the Congress. The second paragraph of the letter of transmittal is of particular interest and reads as follows:

"We are pleased, as we are sure you will be, with the splendid contributions to better management practices made by the kind of financial management improvements and related developments summarized in this report. Commendable as these contributions are, there remains much to be accomplished. The enactment of Public Law 863, which established in law the principles of budgeting in terms of costs and accounting on the accrual basis, has provided additional tools for accelerated efforts for the improvement of financial management in all agencies. With the continuing cooperation and wholehearted support of all who have responsibility for administering the various functions of our Government, we are certain that even greater contributions to improved administration can be made through the combined efforts represented in the joint program."

Pages 6 and 7 of the report contain the following two paragraphs:

"During 1956 the Congress gave evidence of its interest in the budget and accounting recommendations of the second Hoover Commission by the many bills that were introduced and the full hearings that were held on the subject of these recommendations. As a result of these legislative considerations two public laws related to the recommendations were enacted. The first of these—Public Law 798—was signed by the President on July 25, 1956. The second—Public Law 863—was signed by the President on August 1, 1956.

* * * * *

"Public Law 863 constitutes an important keystone for the improvement of financial management in the Government. This was the major legislative enactment of the budget and accounting recommendations of the second Hoover Commission. It establishes in law a basic principle for Government budgeting and accounting—the development and use of cost information. It provides an expression of intent on the part of the legislative branch, which together with the President's statement on policies of the executive branch, provides a firm basis for moving forward in the improvement of financial management as rapidly as available resources permit. The various sections of the law cover the following:

- "1. Accounting on an accrual and cost basis.
- "2. Budgeting on a cost basis.
- "3. Use of consistent classifications.
- "4. Budget justification data by organization.
- "5. Simplification of allotment structure."

Finally, in a summary of the Report prepared by the General Accounting Office there is the following statement that indicates how much has already been accomplished in the changeover to cost-based budgeting:

"Budgeting: The 1958 Budget Document prepared in 1956, contains cost-based budgets for 46 appropriations, an increase of 42 over the previous year. Such budgets are based on accrual accounting systems used by the agencies. In addition, cost information developed from agency accrual accounting systems was submitted to the Bureau of the Budget in justifying the budgets for another 13 appropriation requests. Efforts toward the development of common classifications for programing, budgeting, accounting, and reporting have resulted in improvements in the appropriation and activity structure of 36 independent agencies and constituent units of departments in the 1958 budget."

Turning now to S. 434 itself, it can fairly be said that it is the logical followup of the work of improving the Federal Government's financial management that was accomplished last year. Without cost-based budgeting and accrual-accounting, which were established by Public Law 863, the annual accrued expenditure method of stating budget requests and appropriations could never be made to work efficiently. In other words these items are necessary prerequisites, and now that the foundation has been laid we are ready to put this accrued expenditure principle into effect.

In his budget message this year President Eisenhower said:

"It is also recommended that the Congress give further consideration to legislation which would place Government appropriations on an accrued expenditure basis."

From this it is obvious that the Administration has not altered the position it took a year ago when the President submitted a special message to the

Congress urging favorable consideration of the Hoover Commission budget and accounting recommendations. In that message the President said:

"These recommendations of the Commission have been studied extensively by the executive branch with a view toward identifying all possible actions that can be taken to strengthen the administration of the executive agencies. I have already approved plans developed by the Director of the Bureau of the Budget to intensify efforts of the executive branch toward that objective. These plans include actions to accelerate the establishment and use of modern accounting methods improved budget presentations and controls. I consider it desirable and necessary that the executive departments and agencies actively and fully participate in carrying out these plans.

"The actions being taken by the executive branch to put many of the Commission's proposals into effect will require close coordination with the legislative branch and merit the support which the Congress should and can provide. I urge that the Congress seek the early enactment of appropriate legislative provisions to support the major objectives of the Commission's recommendations."

Probably more progress has been made in adopting the second Hoover Commission's recommendations in the budget and accounting field than on any other phrase studied by the Commission. For all practical purposes S. 434 would implement the last remaining items on which no action has been taken. In addition to being the last, the accrued expenditure concept is probably by far the most significant of the recommended improvements. For it is through this principle that Congress will be able to achieve a far closer control over the purse than presently exists, and the executive agencies themselves will have a much better picture of their financial activities in any given year. As an overall summary of what is involved the following statements from the Comptroller General's letter to the chairman of the Government Operations Committee dealing with S. 434 and dated February 12, 1957, are very helpful:

"The stating of appropriations on an accrued expenditure basis together with the furnishing of cost data to the Congress, as provided by Public Law 863, would provide the best opportunity for improved correlation of programing, budgeting, and accounting. Congressional control of costs and expenditures can only be achieved by the maximum utilization of many tools. The stating of appropriations on an accrued expenditure basis can be made a very important tool for the Congress if effectively installed.

"Stating appropriations of funds on this basis is a natural extension of the cost budgeting enacted in Public Law 863, 84th Congress. Under that provision of law, the agencies will submit budgets to the Congress which will show the estimated costs of a program, the inventories and other assets available for use in the performance of the program, and the amount of additional funds needed to finance that performance each year. However, since the present basis of stating proposed appropriations is in terms of obligational authority, i. e., the amount of funds which an agency considers it needs to earmark for contracts and orders covering current and future deliveries of goods, the appropriation requested for any year under the present method is not in many cases closely related to planned performance under the program during that year.

* * * * *

"There are other advantages of placing appropriations on an accrued expenditure basis. The annual budget surplus or deficit is determined on the basis of expenditures. Placing appropriations on the annual accrued expenditure basis is, in our opinion, a practical approach to a direct correlation between annual appropriations and expenditures. It vests in each Congress a much greater opportunity to control the level of operations during a particular budget year and would mean the elimination of the vast carryover balances now available for expenditure at the discretion of the executive agencies. The present situation concerning available balances stems from the fact that congressional control through appropriation authorization and Budget Bureau control through apportionments are both exercised in terms of authority to obligate rather than budgeted work plans for the cost of goods and services estimated to be received."

From the foregoing it is readily apparent that enactment of S. 434 would mean a significant modification in the present practice of requesting appropriations from Congress. At present the President requests and Congress makes available sums of money to be obligated in a given fiscal year or over a period of fiscal years without direct reference to when the accrued expenditures actually occur (liquidation of obligations can follow the period during which funds are available for obligation). As a consequence of this practice large

unobligated or unexpended balances have been built up by various departments.

With such large unexpended balances in the hands of departments and agencies Congress is not in a position to control the actual expenditures of the Government in any given year or the actual surplus or deficit in any given year, because the appropriations that it makes specifically for that fiscal year alone do not determine what the executive branch can expend in that year. Actually in any year a very large proportion of the expenditures will be out of funds previously appropriated. For example, over \$25 billion of the Government's expenditures in 1956 were made out of funds appropriated for earlier years. If Congress is to regain control over the level of expenditures it must modify the present practice of making available to agencies funds that will be dispersed over a period of many years. By providing that budget requests be made in terms of annual accrued expenditures, this bill will do much to attain this necessary objective.

It is worth noting here that the annual accrued expenditure concept has significance apart from good budgeting and accounting practices and financial management. As all of us are aware there is great concern throughout the Nation over the size of this year's budget and a healthy fear of the effect that too much Government spending might have on our economy. Yet under our present system of appropriating in terms of obligating authority, Congress has very little if any actual control over the level of actual spending by the Government during fiscal 1958. The reason is, as noted above, the huge carryover balances from previous years. As a consequence, even if the Congress is able to make significant cuts in the budget itself there are several billions of dollars carried over from earlier appropriations that could be spent this year with the result that even with congressional cuts, actual spending in the budget year could exceed the budget itself in amount. Under the annual accrued expenditure approach the Congress would be able to control the volume of spending in the budget year since there would be no carryover balances and the budget would request only funds to be spent in the budget year, not 2, 3, 4, or 5 years in advance.

To make effective the presentation of requests for appropriations on the basis of annual accrued expenditures, it will be necessary for Congress to change its methods of handling many long-lead-time items such as aircraft, ships, or public works. At present, for example, when Congress provides for a program of large bombers that may take 4 to 5 years to complete, Congress, at the very outset, makes available to the department concerned authority to obligate sufficient funds to cover the cost of the entire program all at one time. Under this proposed modification, with annual appropriations being only sufficient to liquidate accrued expenditures incurred in the year concerned, Congress will have to grant to agencies that have programs involving long-lead-time items authority to make contracts that will run for a number of years. After such authority has been given, Congress will appropriate each year only the funds needed to cover the costs actually accrued that year and nothing more.

Such changes in appropriation procedure will in effect increase congressional control over expenditures rather than lessen it. It will have two opportunities to examine a program of expenditures. Congress will exercise control first when it authorizes an agency to make a contract commitment. Second, it can exercise a subsequent check or review when it appropriates the funds required to meet the accrued expenditures that will be incurred during a given fiscal year. If progress under the contract is much slower than anticipated when it was authorized or if the goods delivered have been defective, Congress can cause the agency to present an explanation, and it can, if need be, provide for the cancellation of the contract. Thus it is clear that the practice of making appropriations on the basis of annual accrued expenditures would increase rather than decrease congressional control over the purse.

With regard to the conflict which developed this year between the provisions of S. 434 and the standing rules of the Senate, it is my belief that the amendment proposed by the able and distinguished junior Senator from Massachusetts (Mr. Kennedy), is a very adequate and satisfactory solution to this problem. Although there is unquestionably a need for a provision of this nature to insure that there is authority for including contract authority, it seems to me that the problem should not arise too often. The reason for this is that the necessary contract authorization could, and probably should, be included in the normal authorization measures that are handled by the legislative committees. Nonetheless, there certainly would be instances when contract authority would be needed in an appropriations bill, and the amendment proposed by Senator Kennedy will insure that the rules of the Senate or of the House will not

become a means of thwarting a highly desirable and much-needed budgetary reform.

Mr. Chairman, the subject of accounting lacks the glamor of many other topics, but it is no less important. As an accountant with experience in business and in government at the local, State, and Federal levels, I can and do fully endorse the action that has already been taken to implement the Hoover Commission's budget and accounting report. However, unless Congress acts favorably on S. 434, or a similar measure, only about half the job will have been done. As all of us know, it would be a rare instance when a job half done could achieve anywhere near half of the effectiveness of the whole job, and the case at hand is no exception. Accordingly, Mr. Chairman, I sincerely hope that the committee will be able to act promptly and favorably on this extremely important legislation so that it will be possible this year to complete the modernization of the financial management structure of the Federal Government.

Senator HUMPHREY. Our next witness will be Mr. Joseph Campbell, Comptroller General of the United States.

We welcome you here, Mr. Campbell; and, while I have an opportunity, may I congratulate you on work well done.

Mr. CAMPBELL. Thank you, Mr. Chairman.

STATEMENT OF JOSEPH CAMPBELL, COMPTROLLER GENERAL OF THE UNITED STATES

Mr. CAMPBELL. Mr. Chairman and members of the subcommittee, we appreciate the opportunity to appear before you to discuss S. 434, which is designed to carry out recommendations 7 and 17 of the Report on Budget and Accounting of the Second Hoover Commission. These recommendations are:

Recommendation No. 7: That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures—namely, charges for the cost of goods and services estimated to be received.

Recommendation No. 17: That each department and agency be authorized to maintain a single account under each appropriation title or fund for controlling the amount available for the liquidation of valid obligations.

S. 434 provides for the submission of requests for appropriations on an annual accrual expenditure basis, with certain exceptions. Under this method, appropriations proposed by the agencies would be stated in terms of the charges for goods and services to be received during the budget year and payments otherwise authorized by law to be made during that same year. In other words, the amount of each proposed appropriation would represent the estimated amount of financing required for the program of work to be conducted during the budget year.

The proposed legislation provides in subsection (e) that any accrued expenditures charged to the appropriation for a fiscal year but not paid during such year shall be merged with the similar appropriation for the next year to constitute a single account for disbursing purposes. The latter provision covers the accounts payable on June 30 of any year for goods and services received during that year. Any remaining balance of the appropriation shall cease to be available after the end of the fiscal year.

We endorse S. 434. The stating of appropriations on an annual accrued expenditure basis, together with the furnishing of cost data to the Congress as provided by Public Law 863, approved August 1, 1956, would provide great impetus to improved correlation of programming, budgeting, accounting, and funding of authorized Govern-

ment activities each year. Congressional control of costs and expenditures can only be achieved by the maximum utilization of many tools. The stating of appropriations on an accrued expenditure basis can be a very important tool for the Congress.

This basis of stating appropriations is a natural extension of the cost budgeting enacted in Public Law 863. Under that provision of law, the agencies will prepare annual budgets which will show the estimated costs of the authorized programs and the inventories and other assets available for use in the performance of the programs. Budgets on this basis provide needed tools for management and control of Government programs and activities in terms of annual and total costs.

However, since the present basis of stating appropriations is in terms of obligating authority—that is, the amount of funds to be earmarked for contracts and orders covering current and future deliveries of goods and services, the amounts of the appropriations requested for any year under the present method are not, in many cases, closely related to the cost of planned performance under the programs during that year. This results in large carryovers of appropriation balances from year to year, and I might say at this point that, with respect to foreign aid, the carryover this year will be over \$3 billion.

Senator SMITH. How much was that, Mr. Campbell?

Mr. CAMPBELL. Over \$3 billion. That will be the carryover.

Senator HUMPHREY. Mr. Campbell, at that point is it fair to say that the carryover is being liquidated? It is being reduced each year, isn't it?

Mr. CAMPBELL. That will depend upon the appropriation action taken this year.

Senator HUMPHREY. Did you say a \$3 billion carryover?

Mr. CAMPBELL. It is over \$3 billion.

The 1958 budget contains requests for appropriations and other obligating authority totaling \$73.3 billion. This is in addition to a \$70 billion balance of appropriations and other obligating authority carried forward from prior years. As a result, \$143.3 billion is proposed to be available to the agencies during 1958, with actual expenditures estimated at \$71.8 billion. These figures do not include trust funds from which expenditures are estimated at \$14.4 billion.

Senator HUMPHREY. That is a lot of money.

Mr. CAMPBELL. I think it is.

The budget surplus or deficit is determined annually based on the difference between annual receipts and expenditures. But the appropriations, on the present basis, are in terms of obligations against the current and future years. Establishing a direct correlation between annual appropriations and expenditures vests in the Congress and the President a greater opportunity to control the level of operations during a particular budget year on the basis of conditions existing in that year.

As matters now stand, Congress has little control over spending, once the funds are voted, and the President has limited control over spending after apportionments of authority to incur obligations are made by the Budget Director to the agencies. The present situation stems from the fact that congressional control, through the appropriation of funds, and Budget Bureau control, through apportionments, are both stated in terms of authority to obligate rather than

budgeted work plans for the cost of goods and services estimated to be received by the agencies.

This does not measure currently the cost of progress or performance where long-lead-time items are involved. It is only when a program is totally completed that obligations approximate costs and then only if all resources have been consumed. Under the annual accrued expenditure basis of appropriations, Congress would base its appropriations of funds on the annual costs in relation to the accomplishments obtained and to be obtained for those costs, in the light of current conditions and the inventories and other assets on hand, after considering the total estimated costs of a program.

We believe that total estimated costs should be considered by both the agencies and Congress before a program is initiated in the Government and while a program is being performed. All of the present safeguards of consideration and control of total program costs are retained under the annual accrued expenditure basis of stating appropriations. Indeed, they are improved because, in addition to providing for consideration of the total estimated cost, this method of determining appropriations provides a means of direct congressional control over the yearly segments of planned performance. The proposed method provides for an orderly review by the Congress of the amount of funds needed in any year in relation to the year-by-year accomplishments and their costs as compared to each year's estimated performance and estimated costs, as well as the continuing need of the program in relation to current national and international conditions.

An examination of the present-day practices in the long-lead-time areas (for example, in procurement, construction, and research and development) involving extensive reprogramming, a multitude of changes in engineering plans and specifications during the period of production of many items, and other factors, discloses the necessity for controlling total costs in terms of annual accrued expenditures. Because of these inherent factors in the operations involved, cost budgets as provided by Public Law 863, teamed with appropriations on an accrued-expenditure basis, would provide a type of continuing budget presentation that would bring out the adequacy of management planning or the lack of it and would give the Congress an opportunity to have a voice in setting the level of operations from year to year.

It is inherent in the proposed annual accrued expenditure basis of stating appropriations that congressional authority be granted as necessary on long-lead-time items for the issuance of contracts which precede the phase of operations covered in an annual accrued expenditure appropriation. The Hoover Commission noted this necessity in its discussion preceding its recommendation No. 7. We believe that the necessity for forward planning authorizations, both as to timing and amount, should be determined by the Congress as circumstances may warrant. Of course, under whatever method may be employed in granting such authorizations, the need for them would be subject to annual review from the standpoint of the costs and accomplishments, both completed and projected, and the proposed annual accrued expenditure appropriation.

This authority has been exercised in the past by the Congress in the form of "contract authorizations." The authority to include requests for such contract authorizations in the budget, which is con-

tained in the present section 201 of the Budget and Accounting Act, 1921, in view of the definition of the term "appropriation" contained in section 2 of that act, will not be abrogated by the provisions of S. 434.

It is a significant fact, however, that heretofore both the "contract authorizations" and subsequent appropriations "to liquidate contract authorizations" were stated in terms of obligational authority. Under the annual accrued expenditure basis of stating proposed appropriations, any necessary authority to enter into contracts and orders for future delivery of goods and services would be stated on the obligational basis but the appropriation of funds would be stated annually in terms of the accrued expenditures for the year, based on the more precise planning possible on a year-by-year basis of planned performance.

The need for contract authority, or any other form of obligational authority, in conjunction with annual appropriations on the accrued expenditure basis, is limited to the areas of operations where forward contracting is required to provide an orderly flow of product. It will not ordinarily be required for salaries, allowances, travel expense, and other current administrative expenses.

A question has been raised as to whether the granting of contract authority for long-lead-time programs in an appropriation bill would be contrary to rule XVI of the Standing Rules of the Senate and, therefore, subject to a point of order. We have noted that on March 21, 1957, Senator Kennedy filed an amendment intended to be proposed to S. 434 to clarify this point. We believe that an amendment to S. 434 to resolve this matter is highly desirable.

The determination of appropriations on the annual accrued expenditure basis, with concurrent authority to enter into contracts to insure orderly future deliveries of long-lead-time items, is in no way detrimental to the interests of contractors. They would be paid for performance just as they are now, the only difference being that such payments would be made out of the funds appropriated by the Congress for that year and not out of funds appropriated in some past year.

The Government's liability to a contractor under a canceled or terminated contract would be no different than the Government's liability in similar circumstances under the present method of stating appropriations in terms of obligations. If, in the considered judgment of a Congress, a program entered into by an agency should be curtailed or eliminated in the best interests of the United States, the unperformed portion of the contract would be canceled and undoubtedly the Congress would, if necessary, appropriate funds to pay for the termination.

The year-by-year congressional control of program performance, inherent in the annual accrued expenditure basis of stating appropriations, provides the Congress with an improved current and continuing tool for exercising restraint over contracting on a program when actual costs are substantially exceeding the original estimated costs, when performance is lagging behind schedule, or when the conditions under which the program was originally approved have changed substantially.

In view of the changes that are required in many agencies to place into effect the accrual accounting and cost budgeting practices author-

ized by Public Law 863, which are necessary to support appropriations on an annual accrued expenditure basis, we endorse proposed subsection 201 (c) that permits flexibility in the timing of the change in the method of stating appropriation requests. It is believed that it is essential to approach such a change on the basis of individual programs or appropriations rather than any sweeping across-the-board plan.

First of all, the successful use of these practices presumes a basic foundation of adequate accounting and the ability to program effectively. These fundamentals do not exist in a number of significant areas. To endeavor to adopt the annual accrued expenditure basis of appropriation before the groundwork is laid for it could only lead to confusion and unsatisfactory results.

Moreover, the greatest advantages to be attained are in the areas of operations involving the long-lead-time commitments, such as in major procurement, construction, and research and development. These appropriations are relatively few in number and it is logical to prove the value to Congress and the executive branch of the revised practices in such areas before complete adoption of the practices, governmentwide, in the areas where the advantages to be gained are significantly less. The selection of areas to be converted and the timing of the changes should be a matter of mutual determination by the Congress, the Budget Bureau, and the individual agency.

We believe that the legislation proposed in S. 434, if effectively implemented, would provide both the President and the Congress much greater control over Federal expenditures. We recommend its favorable consideration.

Senator HUMPHREY. Thank you very much, Mr. Campbell, for your comprehensive statement relating to this proposed legislation.

I have just a few questions to ask that will pinpoint some of the observations which you have made, and possibly provide a concise summary of the major points you have given us.

The basic objective of this bill, as you have stated and as its author has stated, is to give the Congress better control over expenditures by the executive agencies. Now in just simple, precise terminology, how would S. 434 do this, as you see it?

Mr. CAMPBELL. Well, Mr. Chairman, we feel strongly that the programs of the Government at the present time are extensive and expensive and that an annual review of all programs by the Congress is necessary. There may be cases where annual reviews are presently made, but we feel that the present system of lump-sum financing of programs to be performed over several years, which result in the tremendous carryover of appropriated funds which we now have, tends to minimize an orderly annual review of the actual accomplishments and costs of the authorized programs.

Senator HUMPHREY. The proposed legislation would make such review mandatory, would it not?

Mr. CAMPBELL. It would.

Senator HUMPHREY. It would be an automatic responsibility on the part of the Congress every year, would it not?

Mr. CAMPBELL. The programs would have to be funded every year.

Senator HUMPHREY. May I digress for a moment to express publicly a reflection that I had a moment ago when I saw a group of

young people enter the hearing room. I suppose they are high school students, senior high school students and college students and I wondered how many of them realize the responsibilities of the witness.

They know what a Senator's responsibilities are in part, at least, but for those in the room who do not know, the Comptroller General, who is the witness at this time, is the agent of the Congress to watch over the expenditures of the executive departments of the Government and to give us recommendations for the improvement of fiscal controls over the use of public funds.

I feel congressional hearings ought to be more than just for the edification of members of the committee—although that is essentially important—because this is public business and I like to have the public share in the business. I know that many people do not fully appreciate or understand—they would appreciate it if they understood it—the work of many of the officers who hold responsible positions in our Government. The gentleman who is testifying before us, as Comptroller General of the United States, has one of the most important positions in the framework of the Government. It is upon such officers that much of the responsibility for conduct of Government rests.

I would like to digress again to note for the record that we are fortunate this morning to have with us Representative John T. Driscoll, who is chairman of the committee on taxes in the Massachusetts Legislature, a friend of our distinguished colleague, Senator Kennedy. The subcommittee is, indeed, delighted to have Mr. Driscoll.

We will proceed now. Do you have any other observation, Mr. Campbell?

Mr. CAMPBELL. No, Mr. Chairman.

Senator HUMPHREY. I have another question. Federal expenditures for fiscal 1958, according to your testimony, are estimated at \$71.8 billion out of \$143.3 billion of total obligation authority available at the beginning of the fiscal year. This is in addition to the trust funds available. How would S. 434 provide for better control of such vast amounts of obligational authority?

Mr. CAMPBELL. The Congress would fix precisely the sum of money which would flow into our economy as a result of the budget each year. At the present time, because of the present basis of the stating of appropriations and other spending authority, which has resulted in a carryover of seventy-odd billion dollars of the spending authority granted in prior years, the Congress has little, if any, control over the annual expenditure of the Government. Conceivably, expenditures in any year could run several billion dollars more than was originally estimated without the necessity for congressional action. Under S. 434, that could not happen. You would have complete control over the annual outlay.

Senator HUMPHREY. And the rate of expenditure?

Mr. CAMPBELL. And the rate of expenditure.

Now I may correct that, Mr. Chairman. You wouldn't go into the controlling of the rate of expenditures month by month.

Senator HUMPHREY. No, but annually.

Mr. CAMPBELL. Annually, yes.

Senator HUMPHREY. That is what I meant.

As you are aware, S. 434 provides that the amount of each fiscal year appropriation would be limited to the estimated expenditures for

that fiscal year. In your opinion, would this tend to obscure the total cost of a long-lead-time program such as, let us say, a public-works project for which subsequent appropriations would have to be made for several fiscal years?

I bring that question up because some critics of this proposed legislation state that the advantage of the present appropriations system is that the Congress knows the total amount a project is going to cost when it appropriates the funds for the project.

Now this proposal would put the appropriations on a year-by-year basis. Do you think this would obscure the total cost?

Mr. CAMPBELL. I do not think it would obscure the total cost of a program, Mr. Chairman, at all. I think that the entire program would be before the appropriate legislative committees and the Appropriations Committees and, therefore, before the Congress as a whole and they could very well watch the program as it progresses. I might point out that under the present system, as you know, the overruns on contracts have been enormous in many areas, so that the present arrangement doesn't always tell the story as to what a program is ultimately going to cost.

Senator HUMPHREY. Another question: Is the accrued expenditure basis for stating appropriations compatible with accounting standards prescribed by your Office, the General Accounting Office, under the Budgeting and Accounting Procedures Act of 1950?

Mr. CAMPBELL. It is entirely so.

Senator HUMPHREY. In other words, this legislation would not add to the complexity of Government accounting in any way?

Mr. CAMPBELL. We believe it would simplify it.

Senator HUMPHREY. You believe it would simplify it?

Mr. CAMPBELL. Yes.

Senator HUMPHREY. In your opinion, would the Congress have as much control over contract authority requested for long-lead-time programs as it presently has over the appropriations now made for similar programs?

Mr. CAMPBELL. Just as much control would be available to the committees and to the Congress.

Senator HUMPHREY. Senator Thurmond?

Senator THURMOND. I don't think I have any questions.

Senator HUMPHREY. Senator Smith?

Senator SMITH. No questions.

Senator HUMPHREY. Senator Kennedy?

Senator KENNEDY. Just one point. In Mr. McNeil's statement that he is going to make later this morning—and he is here now—he states, and I quote:

Under these circumstances, while we find no provision in the legislation which would provide for the lapsing of such contract authority if granted at the end of the fiscal year, it is further understood from statements made to your committee that it would be expected, under this legislation to make such contract authority available only for periods of 1 year at a time, irrespective of the purposes for which such contract authority was originally made available.

(The quote to which Senator Kennedy refers appears on p. 34.)

Senator KENNEDY. That isn't quite the way I have understood it. In my opinion, the contract authority which is actually utilized by the signing of a contract, will continue until the end of the contract and funds to cover the costs incurred in a given year pursuant to such a contract would be appropriated annually.

MR. CAMPBELL. Senator Kennedy, our understanding is, and I think that we have gone into this matter very carefully, that there is no suggestion here that a contract would lapse at the end of a year. It would be reviewed at the end of each year to decide whether the cancellation provisions in the contract would be exercised.

All of our Government contracts have very precise cancellation arrangements, so that it would mean a review at the end of a year, but it wouldn't necessarily mean that the agency could look forward to the contract just being canceled or terminated at the end of every year. It might be a 5- or 10-year contract. I know many contracts which we have for 20 years, which would go forward.

Senator KENNEDY. Just one other statement that Mr. McNeil makes. I don't mean to go ahead of him, but I just want to get your comments on this, Mr. Campbell, because it is very important.

He states:

The disadvantages of part-cash and part-contract authority have been well stated in the House Appropriations Committee Report No. 216 of this year.

(The quote to which Senator Kennedy refers appears on p. 34.)

Do you feel that the disadvantages that have been stated in the House Appropriations Committee report outweigh the advantages, of this method of operation?

MR. CAMPBELL. This report referred to, Senator, I believe is the Mahon report of March 21, 1957.

Senator KENNEDY. I assume that is the one he is talking about. Would you say it is fair to describe this system as part-cash and part-contract authority, and if it is described that way, do you think the advantages outweigh the disadvantages?

MR. CAMPBELL. I don't believe it would be any disadvantage to have the system set up whereby you could go forward with the contracts funded on an annual basis. The advantage of that system would far outweigh the disadvantages, I am sure.

Senator KENNEDY. Thank you, Mr. Campbell. Thank you, Mr. Chairman.

Senator HUMPHREY. When the Government enters into a contract, the moral obligation is upon the Government, as well as the legal obligation, unless the Government exercises contract cancellation provisions which are a part of the contract?

MR. CAMPBELL. That is correct.

Senator HUMPHREY. The obligation is upon the Government to complete the contract; is that not right?

MR. CAMPBELL. Yes, sir.

Senator HUMPHREY. In other words, the obligation of the Government in a contract is like that of any other party, to fulfill the contract.

MR. CAMPBELL. Yes, sir.

Senator HUMPHREY. A contract authorization can be for more than a fiscal year, even though appropriations are not initially provided beyond the first fiscal year; the obligation upon the contracting parties, nevertheless, is to fulfill the terms of the contract, unless it is canceled.

MR. CAMPBELL. Precisely.

Senator HUMPHREY. And each year we would review this authority for the purpose of determining whether or not to exercise cancellation rights, which either party has a right to do. Is that not correct?

MR. CAMPBELL. That is correct.

Senator HUMPHREY. I think this should be brought out because the point Senator Kennedy is making is the main argument that has been made against contract authorizations as a means of completing long lead-time programs.

Mr. CAMPBELL. I think it is quite important and we are well aware of that, but, on the other hand, we think that the review of these contracts annually is very important.

Senator HUMPHREY. Congress has used contract authority in the past. Does S. 434, and the amendment that has been proposed, represent an improvement over the previous use of contract authority in the other years?

Mr. CAMPBELL. We think it does.

Senator HUMPHREY. In what way?

Mr. CAMPBELL. Because we will have an annual funding of the programs and a review at the end of each year of the contract authority to be sure that the programs and the objectives have not changed; and that the art of doing the job has not improved considerably and therefore perhaps another course should be taken in the contract work, probably under the same contract.

Senator HUMPHREY. In other words, this would compel both the executive agency, which is responsible for the fulfillment of the contract, and the Congress, which is responsible for appropriations for the project, to review meticulously each year not only the progress attained, but whether any changes should be made or the project continued.

Mr. CAMPBELL. That is correct.

Senator HUMPHREY. Thank you very much, Mr. Campbell. We appreciate your cooperation and your testimony.

Mr. J. W. McNeil, Assistant Secretary of Defense (Comptroller).

Mr. McNeil, may I make a friendly suggestion to expedite our work here? Would you be willing to summarize those portions of your testimony which are background material and then give us your conclusions on this legislation for the purpose of discussion? The Senate convenes at 12 noon; I would like to complete these hearings this morning, and we have at least two more witnesses to be heard.

Senator THURMOND. Mr. Chairman, I am going to have to leave to meet an 11 o'clock appointment, but I just want to tell Mr. McNeil that I will certainly read his full statement.

Mr. McNEIL. Thank you, sir.

Senator HUMPHREY. Proceed, Mr. McNeil.

STATEMENT OF W. J. McNEIL, ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

Mr. McNEIL. I will attempt to summarize my statement, as the chairman has requested.

Senator HUMPHREY. Thank you. Your statement will be made a part of the record.

(The statement is as follows:)

We appreciate the opportunity to again appear to discuss with you the basic considerations involved in stating proposed appropriations on an annual accrued

expenditure basis. The proposals currently pending before your committee covering this subject—which the Bureau of the Budget has advised us are in accord with the program of the President—are substantially identical to the pertinent provisions of S. 3897 of the 84th Congress. Copies of our statement made on that legislation on June 6, 1956, are available and I should like to insert them into the record at this time with your permission. In addition, I should like to present some further observations which may be of assistance to your committee in consideration of the application of this legislation to the Department of Defense.

No single managerial task, except for the Presidency itself, approaches in scope and complexity that involved in administering the Department of Defense. Responsibilities and problems of the Department of Defense, whether gaged in terms of manpower, material, money, worldwide area of operation, diversity of activities, technical problems, or any other similar measures are unique and dwarf, by comparison, any similar aspects that would be encountered in managing even the largest and most complex of any of our industrial corporations. Our national security policy recognizes the necessity of maintaining substantial military forces at an adequate degree of readiness for an indefinite period in the future and to achieve this with maximum efficiency and economy, while at the same time taking in our stride such emergencies and unforeseen actions as are necessary on a moment's notice—whether it be a Berlin airlift, a Formosa, or a Suez.

That sound management principles should be applicable to all the activities of the Department of Defense, including financial management is clearly recognized. Over the years, the Secretaries of Defense, Mr. Forrestal, Mr. Johnson, General Marshall, Mr. Lovett, and Mr. Wilson, who has served in the office for over 4 years—all able and dedicated public servants—spent long hours over the months and years in the development of effective, understandable, and useful systems and organizations to achieve the maximum efficiency and economy of operation, as have literally thousands of competent and industrious personnel of the Department, both civilian and military.

Contrary to the suggestion of some that there has been bureaucratic resistance to suggested improvements and changes, the Department of Defense and all of us have welcomed any recommendations, as well as congressional actions, that would provide a basis for improvement of any of our financial management practices.

The most significant of these were the recommendations growing out of the first Hoover Commission study of the problems of financial management in the Department of Defense. These recommendations, made after careful and exhaustive study of our operations by the task force were enthusiastically received by the Department and legislation necessary to implement the recommendations was drafted in the Department of Defense with the help and assistance of the task force. The Department enthusiastically supported the legislation before the Congress and it was adopted in substantially identical form as recommended. I may say that even in our enthusiastic support of the legislation before the Congress we recognized the principle that no price tag should be placed upon the adoption of any system and great care was taken so as not to mislead the Congress or the taxpayers as to the dollar value of the improvements recommended. It might be pointed out, however, that the establishment of the stock fund principle called for in just one section of title IV has resulted in a return to the Treasury of in excess of \$3 billion. The job of implementation of title IV is not finished, but no unsupportable and controversial estimates have been given or will be given with respect to the substantial savings contemplated under the systems established pursuant to its provisions.

Among other legislative enactments, recommendations, and suggestions supported and fully implemented by the Department of Defense have been:

(1) The revisions of the Antideficiency Act enacted in the general appropriation bill in 1951. The Department has issued the most extensive regulation in implementation of this provision of any of the agencies of Government and enforces both the letter and the spirit of this statute with the recognition that it is the keystone of successful utilization of resources made available by the Congress.

(2) Section 638 of the Defense Appropriation Act, 1953, provided the basis—through control of obligations—for the establishment of a comprehensive system of supply management. The Department has found in this provision a basis for literally hundreds of improvements in the area of supply management.

(3) Section 1311 of the Supplemental Appropriation Act, 1955, provided for the first time a comprehensive statutory definition of obligations. Again the

Department has the most comprehensive implementing regulations and is rigidly enforcing the provisions of this statute since it is recognized as a most progressive step in financial management. Growing out of this statute, as well as title IV, was the establishment within the Department of Defense of the comprehensive commitment accounting system which I believe is unique among the Government agencies.

(4) Secretary Wilson's Advisory Committee on Fiscal Organization and Procedures in the Department of Defense, through its working groups in discussions and field visits acquired a knowledge and understanding of the operations of this Department. The results of the efforts of these groups has been the adoption of many recommendations for improvement of financial administration in the Department of Defense. A significant one currently under implementation is the complete revision of the financial, funding, and accounting of the construction activities in the Department.

I have taken the time to run through some of the evidence of the desires of the Department of Defense to welcome changes which will result in economy and efficiency in its financial operations so that the common objective of both the Congress and the executive branch of reduction in the costs of defense without loss of security can be achieved.

As indicated in our statement of last year, the Department of Defense has had difficulty in evaluating the current proposals because of lack of clarity as to how it was intended that they should be implemented, if enacted. Only recently, under date of March 25, 1957, did we receive an outline plan.

(The outline plan, prepared by the Bureau of the Budget staff, to which Mr. McNeil refers, follows:)

"1. Appropriations would not differ from appropriations as at present, in the sense that they would cover both obligational authority and expenditure authority. The significant difference is that appropriations as presently made may be obligated for goods and services for which a need develops in the current year, and expended when such goods and services are received whether in the current year or in subsequent years; whereas appropriations on an accrued expenditure basis may be obligated and expended for goods and services which would be delivered in the current year, whether such goods and services were ordered under obligating authority in prior years or under the current year appropriation. In other words, orders placed in prior years which are to be delivered in the current year become charges against the current year appropriation; and additional obligations for goods and services to be delivered in the current year may be entered into to the extent of the difference between (1) the total of the appropriation and (2) the orders from prior year obligating authority which are to be delivered during the current year.

"2. The proposed amendment to S. 434 would add section 2, which contains specific authority for inclusion in appropriation acts of contract authority. The amount of any such authority would be in addition to the appropriation for annual accrued expenditures. The contract authority would be used to cover obligations for goods and services which would be received in subsequent years.

"3. Where a specific contract contemplated receipt of goods and services both in the current year and in subsequent years, the obligational authority therefor would be derived (1) from the appropriation on an annual accrued expenditure basis for goods and services to be delivered in the current year, and (2) from the contract authority for goods and services to be delivered in subsequent years.

"4. Whether the unused balance of the contract authority at the end of the year would lapse or be carried forward would depend upon the terms of the appropriation act. However, in view of the stated objective of the Hoover Commission to control Government programs on an annual basis, it seems unlikely that there would be any inclination to continue the unused balance of the contract authority beyond the close of the current fiscal year.

"5. Whether the contract authority would be sufficient to complete a project or simply to cover the obligations (over and above accrued expenditures in the current year) to be incurred in the current year is a question which would be decided, as it is presently, in connection with each specific appropriation. Either basis for stating the contract authority would fit the contemplated procedure.

"6. Under subsection 1 (e), the appropriation would lapse at the end of the year except for goods and services actually received during the year. Payment for goods and services which were intended for delivery within the year but not received until the following year would be charged against the appropriation for the following year. Similarly, unused contract authority which lapsed at the end of the year would have to be rejustified for the succeeding year.

"7. Under section 3679, Revised Statutes, the creation of an obligation must be backed either by an appropriation or by contract authority. Allotment controls would be required, as at present, but they would be divided into two parts: One to control deliveries to be accepted during the year regardless of whether the orders were placed in the current year or prior years; and the other, to control obligations for goods and services to be ordered during the year under contract authority for delivery in subsequent years.

"8. A sample of appropriation language is as follows:

RESEARCH AND DEVELOPMENT

"For [expenses] *accrued expenditures* necessary during the current fiscal year for basic and applied scientific research and development, * * *, as authorized by law, \$510,000,000, [to remain available until expended:] of which \$110,000,000 shall be available only for *accrued expenditures* resulting from contracts entered into in prior fiscal years; and in addition, the Secretary of the Air Force is authorized to enter into contracts in the current fiscal year for the purposes of this appropriation, in an amount not to exceed \$100,000,000, for goods and services to be received in subsequent fiscal years."

"9. A variation of this appropriation language might be:

RESEARCH AND DEVELOPMENT

"For expenses necessary for basic and applied scientific research and development, * * *, \$510,000,000, to be computed on the basis of *accrued expenditures*; and, in addition, the Secretary of the Air Force is authorized to enter into contracts in the current fiscal year for the purposes of this appropriation, in an amount not to exceed \$, for goods and services to be received in subsequent fiscal years.

This language is similar to that now used for Government corporations whose funds for administrative expenses are appropriated and apportioned on an accrual basis."

As indicated in the outline plan and in recent statements before this committee, one of the objectives of the legislation would be to provide contract authority to create obligation in advance of appropriations. We find nothing in the pending bills which would accomplish this result, as it is understood that an amendment to the rules might be necessary to accomplish this. Under these circumstances, while we find no provision in the legislation which would provide for the lapsing of such contract authority if granted at the end of the fiscal year, it is further understood from statements made to your committee that it would be expected, under this legislation to make such contract authority available only for periods of 1 year at a time irrespective of the purposes for which such contract authority was originally made available. The Department of Defense after long discussion of this subject by the Secretary of Defense, the Deputy Secretary of Defense, the Secretaries and Under Secretaries of the Army, the Navy and the Air Force, is deeply concerned and has concluded that it would be found costly and a real obstacle to sound programing, budgeting, and effective operation unless obligational authority for long-lead-time programs were on a no-year basis as at present, particularly in consideration of the full cost of construction projects and procurement end items. The application of the full funding principle to programs such as construction, shipbuilding, aircraft procurement, research and development and other long-lead-time items was recognized by the legislative committees in the enactment of the basis organic law governing the Army, Navy, and Air Force. Section 40 of the codification of the laws applicable to the three military departments authorizes funds for these purposes to be appropriated on a no-year basis. The Appropriations Committees, we think wisely and properly, consistently have followed this practice. Its advantages are many and obvious. The disadvantages of part cash and part contract authority have been well stated in the House Appropriations Committee Report No. 216 of this year.

We believe the present basic system of appropriating obligational authority—granting that improvements might be made—is in the best interests of the taxpayer whether or not accrual expenditures are recorded and utilized as part of the budget process. If the Congress chooses, however, to provide obligational authority in some other manner it would not, in our opinion, be in the best interest of the Government to do so by providing part so-called cash appropriations and part contract authority.

If the Congress chooses to provide obligational authority on a contract authority basis and appropriate on an annual expenditure basis—the cash expenditure basis or accrued expenditure basis is not important—there is a suggestion we might make which would involve consideration of the overall cost of each program presented and at the same time involve full consideration and review of expenditures: It is simply to provide obligational authority in full amount (not part cash and part contract authority) for programs authorized by the Congress—on a no-year basis for procurement, construction, and research in our case—in a manner somewhat similar to the present act, but in a part II of the act to provide after examination and review of programs—the aggregate amount approved for expenditure for each department for the fiscal year—either on a cash expenditure basis or on an accrued expenditure basis.

I should like to mention two other important points about which I believe there have been substantial misunderstanding and lack of information. Much has been said about the possible lack of congressional control under current practices. The criticism of current practices generally stems from a lack of understanding of two very important considerations: (1) The purposes for which the carryover or unobligated balances are to be applied, and (2) the nature of the control of the Congress over program changes. Briefly, the unobligated balances in the Defense Department are reserved to meet the following general requirements:

(1) Shorter lead-time items. To assure that the latest technological advances are incorporated into the various components of major equipment items, and to avoid building up manufacturers' order backlogs unnecessarily, contracts for shorter lead-time items should be let as late as possible, while still keeping delivery in phase with longer lead-time components. Funds are reserved to assure that orders for the shorter lead-time components can be placed at the appropriate time.

(2) Subsequent engineering changes. We know from long experience that practically every major item of military equipment requires engineering changes after it has been placed in production. These changes are required as a result of technological advances, improvements developed in the course of production, or deficiencies that show up during initial tests. It is sound programming to recognize the fact that the costs of these engineering changes are part of the total cost of the item and to provide in advance, and to set aside, the funds required to meet them.

(3) First destination transportation. The cost of first destination transportation of long-lead-time items which will be delivered in a subsequent fiscal year is an integral part of the cost of placing such items in the inventory. The reservation of funds to cover such costs provides an incentive for the contracting officer to specify whatever method of delivery is most advantageous to the Government.

(4) Initial spares. It is the current procurement practice to provide funds, as part of the initial program, for certain spares and replacement items. Basically, the purpose of this is to permit ordering of spares while the dies, jigs, and tools are available and in place, and to make possible successful operation of the equipment when delivered. Before funds are obligated for spares, however, definitive lists of the items and quantities required are worked out with the manufacturers. This requires a period of time during which all of the elements involved in determining the numbers of various spares, including the rates of wear-out that can be anticipated, must be finalized. It is only then, after these determinations and negotiations have been completed, that funds are obligated for spare parts. Meantime, the necessary funds are set aside in order to assure that these items may be ordered and will be available in inventory and maintenance depots at the time the basic end items are delivered for use.

(5) Work after delivery. In the case of ships, after delivery has been made by the contractor, certain electronics and other equipment must be installed at the navy yard before the ship can join the fleet. Funds are set aside to cover these installation costs.

I have with me, for the use of the committee, a copy of the rather detailed analysis which reveals clearly the specific application of the carryover balances and shows the amounts set aside to complete the various programs authorized by the Congress.

I should like to emphasize that under the law—that is the provisions of the Appropriation Act—the shifting of any funds, including these carryover balances from one appropriation to another, is prohibited. It has, however, long been the practice of the military departments in reallocating amounts within an appropriation for the same general purposes to advise the committees of Congress

of major reprogramming both by way of specific requests for prior approval and notification for informational purposes, depending on the nature of the change.

Each appropriation in the Department of Defense depends for its accuracy on the underlying components—projects and costs which make up the total. Under the budget process the projects and costs are formalized some months in advance of the end of the fiscal year for which the funds are to be applied. Rigid adherence to each part making up the whole of the appropriation, particularly during a period of changing programs and costs, would unduly jeopardize effective accomplishment of current planned programs.

Pursuant to a request by the House Appropriations Committee, the Department of Defense submits annually to that committee a report by January 15 of each year a detailed tabulation of all reprogramming of funds affected between July 1 and December 31, and a similar report by July 31 for the remainder of the fiscal year.

Mr. McNEIL. First, we appreciate the opportunity to discuss this bill again, as we did last year, because the bill itself as worded doesn't spell out the mechanics of how it will be carried out. That bothered us last year; it bothered us all through the last year.

In attempting to provide information that might be helpful to the members of the subcommittee in considering a problem of this kind, it is very helpful for us to know what is intended under this legislation, and only recently we were able to get a rather clear idea of what was intended.

Before I go into that, I would just like to mention that there are 2 or 3 pages of my statement which I will not read, but in which an effort is made to point out to this subcommittee what I felt to be an erroneous impression that has been given; that many of us in the Department of Defense and perhaps other agencies do not have as great an interest in getting this job done for the good of the taxpayers, as the taxpayers would like. In fact, there are a good many people, including my five previous "bosses," from Forrestal through Johnson, Lovett, General Marshall, and Wilson, who have spent a good many of their waking hours trying to get this job done better for Uncle Sam. So I first wanted to assure the subcommittee there has been no foot dragging in the Department of Defense but we do like to know that the things being proposed are actually not going to be just advertised panaceas but will actually give the results to all of us that your subcommittee is seeking.

In that connection, we sponsored legislation to implement the recommendations of the first Hoover Commission—in fact, we went beyond the suggestions they made to tighten up and improve our fiscal controls. We have not finished with that job yet, but we have made tremendous progress.

I mention in the statement that, under just one section of that legislation, which we ourselves promoted, in the last 4 years we have returned \$3 billion to the Treasury. I only point that out as an example of what we are trying to do.

We feel that we can and must do a good job for the country as a whole, while carrying out the basic military policy, which is to maintain a strong defense indefinitely, so long as it is necessary in this period of tension, and that is our basic idea behind practically all of the things that we do.

Turning now to the question of what would be done under legislation of this kind, which I think is the key to the whole thing, we don't quarrel about the accruing expenditure basis. We are not, however,

going to save the money that the people have said we are by adoption of such a method. It just isn't going to happen.

Senator HUMPHREY. What you are saying there, Mr. McNeil, is, you feel there has been a little exaggeration as to the dollar savings related to this program.

Mr. McNEIL. Oh, definitely, sir.

One example, if I may, sir: In 30 percent of our total appropriations, about \$10 billion for military personnel, no kind of accounting is going to change by \$1 what we spend for military personnel on a given number. The rank and rate structure is controlled by law. The pay rates are controlled by law. The only way we can reduce such expenditures is to reduce the number of people or reduce the rank or grade structure below the authorized statutory grade distribution.

But those appropriations today are, for all practical purposes, on the accrual basis, which means, in essence, that the amount of money provided by Congress is exactly what is going to be paid for their services from July 1 to June 30, the following year.

Now, we don't pay it all out by June 30. To the extent that the last 15 days' pay is paid in July, that, in effect, is an accrued expense. It is not paid. All I am trying to say, Mr. Chairman, is that there is no change in an accounting system that is going to reduce expenditures in that 30 percent area of our Department of Defense by 1 nickel. So it is wrong to imply that we can save 8 or 10 percent if you apply this change in budgeting and accounting. Frankly, it isn't going to happen, and I don't want the committee misled. When I say that, I am not against the accrued accounting principle because we have to have it in many areas of our Department or we won't run the business smartly.

In trying to find out what was intended to be done to implement this legislation, as indicated in my prepared statement, I received the first rather clear outline on March 25, 1957—just recently. I would like, if I may, sir, to read this statement of how some of the proponents intended to implement it. This is the stated plan—

1. Appropriations would not differ from appropriations as at present, in the sense that they would cover both obligational authority and expenditure authority. The significant difference is that appropriations as presently made may be obligated for goods and services for which a need develops in the current year, and expended when such goods and services are received whether in the current year or in subsequent years; whereas appropriations on an accrued expenditure basis may be obligated and expended for goods and services which would be delivered in the current year, whether such goods and services were ordered under obligating authority in prior years or under the current year appropriation. In other words, orders placed in prior years which are to be delivered in the current year becomes charges against the current year appropriation; and additional obligations for goods and services to be delivered in the current year may be entered into to the extent of the difference between (1) the total of the appropriation and (2) the orders from prior year obligating authority which are to be delivered during the current year.

2. The proposed amendment to S. 434 would add section 2, which contains specific authority for inclusion in appropriation acts of contract authority. The amount of such authority would be in addition to the appropriation for annual accrued expenditures. The contract authority would be used to cover obligations for goods and services which would be received in subsequent years.

3. Where a specific contract contemplated receipt of goods and services both in the current year and in subsequent years, the obligational authority therefor would be derived (1) from the appropriation on an annual accrued expenditure basis for goods and services to be delivered in the current year, and

(2) from the contract authority for goods and services to be delivered in subsequent years.

4. Whether the unused balance of the contract authority at the end of the year would lapse or be carried forward would depend upon the terms of the Appropriation Act. However, in view of the stated objective of the Hoover Commission to control Government programs on an annual basis, it seems unlikely that there would be any inclination to continue the unused balance of the contract authority beyond the close of the current fiscal year. That is a very important point—very important.

5. Whether the contract authority would be sufficient to complete a project or simply to cover the obligation (over and above accrued expenditures in the current year) to be incurred in the current year is a question which would be decided—as it is presently—in connection with each specific appropriation. Either basis for stating the contract authority would fit the contemplated procedure.

6. Under subsection 1 (e), the appropriation would lapse at the end of the year except for goods and services actually received during the year. Payment for goods and services which were intended for delivery within the year but not received until the following year would be charged against the appropriation for the following year. Similarly, unused contract authority which lapsed at the end of the year would have to be rejustified for the succeeding year.

7. Under section 3679, Revised Statutes, the creation of an obligational must be backed either by an appropriation or by contract authority. Allotment controls would be required, as at present, but they would be divided into two parts—one to control deliveries to be accepted during the year regardless of whether the orders were placed in the current year or prior years, and the other to control obligations for goods and services to be ordered during the year under contract authority for delivery in subsequent years.

8. A sample of appropriation language is as follows:

This gives an example of research and development in the Department of Defense:

"For accrued expenditures necessary during the current fiscal year for basic and applied scientific research and development * * * as authorized by law, \$510 million, of which \$110 million shall be available only for accrued expenditures resulting from contracts entered into in prior fiscal years; and in addition, the Secretary of the Air Force is authorized to enter into contracts in the current fiscal year for the purposes of this appropriation, in an amount not to exceed \$100 million for goods and services to be received in subsequent fiscal years."

Such a plan would lay the groundwork for an extremely difficult administrative process. It would be quite complicated and, quite frankly, we would have to do a lot of accounting without any material benefit as far as I can see.

There are alternate ways, of course, that the Congress might decide to provide appropriations, but this was the outline plan which was proposed to implement this legislation.

Senator Kennedy asked a couple questions, so I think this next statement would be pertinent as to several of the questions he asked of Mr. Campbell.

Senator HUMPHREY. Would you give us again your interpretation of the material which you have just read for purposes of identification? Is that an official Bureau of the Budget regulation?

Mr. McNEIL. It is not a regulation as yet; it is an interpretation in response to our request as to how this legislation would be implemented or as to how it was proposed to be implemented if legislation of this kind were made a part of law.

Senator HUMPHREY. Do you consider this interpretation to be binding in case the legislation is adopted or is this an informal statement or presentation to you for purposes of guidance and discussion?

Mr. McNEIL. I think, Mr. Chairman, that the legislative history—if it were silent on the subject—might give a blessing to this kind of an approach. If this committee in reporting out a bill indicated

its general thoughts in the committee report, it would give a legislative history as to how you intended the new bill to work and it would be very helpful, sir.

SENATOR HUMPHREY. I would like to be more specific. Starting with item 1 of this memorandum, appropriations would not differ from appropriations as of the present in the sense that they would cover both obligational authority and expenditure authority. Then, continuing the next three pages, through the examples of appropriation language for the research and development projects, are these examples or interpretations that you are presenting, after consultation with the Bureau of the Budget, as to how you believe the bill would be implemented?

MR. MCNEIL. No, sir. This is their wording. They wrote this in response to our request as to how they would propose to implement legislation of this kind.

SENATOR HUMPHREY. I understand. The Bureau of the Budget prepared this. Now the Bureau of the Bureau has supported the proposed legislation and yet the testimony which you present seems to cast some doubt as to certain areas of this legislation, as to its validity, as to its value.

MR. MCNEIL. That is correct, sir.

SENATOR HUMPHREY. There is a contradiction here. I want to know whether or not you consider this material that you have just read, binding or advisory—whether you consider it a directive or merely an informal interpretation for discussion purposes.

MR. MCNEIL. It is not a directive; it is, rather, an explanation of their thoughts as to how this legislation would be implemented if passed—an outline plan of how they propose to implement it. The actual implementation would, of course, be quite detailed. That is why I would call it an outline plan for implementation if the legislation were passed.

SENATOR HUMPHREY. An outline plan?

MR. MCNEIL. As to how they proposed to implement it.

SENATOR HUMPHREY. As you know, this bill provides that the President shall have the authority to implement the objectives of this legislation. That would mean the Bureau of the Budget and the Department of Defense and other agencies affected would work out the details of implementation that would be most effective and practical. Is that right?

MR. MCNEIL. Yes. But the way legislation of this type is finally interpreted and put into action depends a great deal on the legislative history of the original bill—because to carry out the intent of Congress it is helpful not only to just take the words of the statute, but to know what the objective is they are attempting to reach, and also the mechanics of reaching it, and if the problems are not rather clearly understood, the points are not brought out, it is very easy to get a legislative history that makes for rather difficult operation under a law which otherwise might be very worthy in its objective.

SENATOR HUMPHREY. That is exactly why, Mr. McNeil, I am concerned about the memorandum that you read. I don't want any misinterpretation placed upon it because the Bureau of the Budget is going to testify this morning on behalf of the bill. I want to make sure that what we are hearing here is an expression or interpretation

of how this could be done or would be done, rather than anything that is binding as legislative history.

Mr. McNEIL. The outline which I have read—if not questioned now—would come near being, I think, an official expression of an outline plan for implementation.

Senator HUMPHREY. I will ask Mr. Brundage about that when he testifies.

I want to call your attention to the language under subsection (c) of the bill. It says:

The amount of proposed appropriations referred to in sections 201 (a) and 203 of this act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis.

So the President really determines the degree and the proportion and the extent of conversion to the annual accrued expenditures basis.

The specific language is—

To the maximum extent deemed desirable and practicable by the President.

Mr. McNEIL. The details of this plan and the validity and power behind the details of this plan depend a great deal on what this committee does and, of course, what the Appropriations Committee may do in the future.

Senator HUMPHREY. Exactly, and upon the subcommittee's conclusions from these hearings.

Mr. McNEIL. That is right.

Senator HUMPHREY. What I am pointing out is that the memorandum prepared by the staff of the Bureau of the Budget, is subject to the language of subsection (c) of the bill, which places the responsibility for the degree and extent of the application of the accrued expenditure basis directly upon the President. This means that the Bureau of the Budget would work out the details of implementation with the responsible agencies affected, as the President directs. I also call your attention to subsection (d), which states:

The conversion to the use of the annual accrued expenditure method for stating proposed appropriations in accordance with section 201 (c) of this act shall be accomplished in such manner and at such times as may be determined by the President.

Mr. McNEIL. Yes; I understand, Mr. Chairman, but I just wanted to make the one point again that the contemplated basis for appropriation requests being submitted on the basis of part cash, part contract authority with the unobligated authority to lapse at the end of each fiscal year is not, in my opinion, in the best interests of the United States. If that point isn't brought up for the consideration of this subcommittee and there isn't some expression of view upon it, conceivably the impression will be that such a procedure is to be the policy—that this stated policy is the one you have blessed and we are to carry out.

Senator HUMPHREY. No. I want to say to the contrary: This bill is not intended to spell out details. The details are to be left in the hands of the President and his responsible agents. The intent is to establish policy and the policy is stated precisely and concisely in subsection (b), as follows:

It is therefore the policy of Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis.

The matter of contract authority has been traditional with the Congress. I am quite certain that contract authority does not necessarily expire at the end of a fiscal year. I think the Comptroller General made that quite clear in his testimony today and the only time this ghost was raised was when it was raised within this staff memorandum the Bureau of the Budget gave you, which I understand is an informal interpretation only. The terminal date of a contract is in the contract, except as it may be qualified by the cancellation clause.

Mr. McNEIL. Senator, that is not quite the problem. I would agree that this would not change a contract if in this year or in 1958 we placed a contract for some particular item to run 3 years. That would not have to be revalidated by the Congress. That could stand, but that is not the problem, sir.

We have tried to put a little bit of good business management into our place. We, in the case of the so-called long-lead-time items—and, incidentally, there is a misunderstanding about what they are—have endeavored to do a better job by discouraging the buying of every component at one time; for instance, buying everything needed for a ship at the time the keel is laid.

Yet, we should have the full authority to finish it because we shouldn't start it unless we are going to complete it, but there are certain armaments, certain gear to go aboard that ship that we should not buy in that first, or even the second, fiscal year. That would be unused obligational authority at June 30—the end of a fiscal year. We carefully set that aside in a positive reserve so it can't be used for anything else, but when we do get ready to buy the gun, the missile launcher, the catapult or whatever it is that goes aboard that ship—which we can buy 1 year or 2 years later, we have the authority and we can buy it at the proper time.

We have found in the past tremendous waste when they reached out to buy all of the components of an item at the time they started the project because in the meantime there are improvements in design and some of the material might well have to be scrapped.

Now, it is that type of authority we feel very strongly should be continued.

Senator SMITH. Mr. Chairman—

Senator HUMPHREY. Senator Smith.

Senator SMITH. Mr. McNeil, don't you have to contract for those items at the time the ship, for instance, is contracted for? What assurance is there that you are going to have that ship completed if you don't make the contract immediately?

Mr. McNEIL. Well, let's take the example of a very heavy ship that takes 3 years to construct. The keel, of course, is the first basic step. The propulsion machinery will be bought separately and no doubt provided as what is termed Government-furnished equipment. It is quite possible the propulsion machinery does not have to be ordered until 1 year after the contract for the hull is let. The work in the yard to finish outfitting doesn't have to be obligated or paid for, perhaps, for 2½ years after the keel is laid. Any time we place a contract in advance of when we have to for any of the components necessary to meet the overall schedule, we create the possibility of waste in doing the job.

For example, a missile launcher that takes, let's say, 1 year from the time the order is placed until it is delivered. It does not have to be ordered at the time the keel of a heavy vessel is laid. It can be ordered 18 months later, and we should order it 18 months later because the missile launcher will at that time incorporate the latest developments and probably be a little different in specifications than the one we would buy earlier.

Senator SMITH. But you must have some authorization or some contract at the beginning to be sure that 18 months hence you have the authority to place those orders.

Mr. McNEIL. Senator Smith, you are making exactly the point we have been trying to make. We ought to have the full authority in the beginning and lock it up so we can take it off the shelf at the appropriate time to complete the job as approved by the Congress.

Senator SMITH. But you don't necessarily have to have the money?

Mr. McNEIL. We have to have the authority to contract.

Senator SMITH. But you don't have to have the money; you just have to have the authority?

Mr. McNEIL. Whether it is in the form of cash or obligational authority at that time doesn't make any difference so long as it is available at the time the contract starts.

Senator HUMPHREY. Do you interpret this legislation as denying you this basic authority?

Mr. McNEIL. Not as long as the subcommittee realizes that such things as I have been mentioning should be provided for and the legislation wasn't passed with the idea that such contract authority would lapse on each June 30.

Senator HUMPHREY. I think it is clear now at least as to the intent of the members of the subcommittee that contract authority for long-lead-time programs should not automatically lapse at the end of a fiscal year. It should be thoroughly reviewed, however, each year.

Mr. McNEIL. You see the legislation itself doesn't touch this point at all, so if it doesn't touch it, it would be helpful if the subcommittee in its report, which gave its understanding of what the bill should accomplish and the way it should be carried out, should cover this point.

Senator HUMPHREY. I assure you this will be covered in the report.

Mr. McNEIL, we want to commend you and the Department of Defense for the good work that already has been done in implementing the recommendations of the Hoover Commission for the improvement of your budgeting, accounting, and other operating procedures which you mentioned in your statement. We are not unaware of that.

Mr. McNEIL. I appreciate that. It is the unused obligational or contract authority as of each June 30 that is really one of the troublesome problems.

If I might just touch on an excerpt from my statement, I think I can bring out this point and I might have a suggestion to make, if I may. I would like to say first, however, that the Department of Defense has considered this bill quite thoroughly. Secretary Wilson, Deputy Secretary Robertson—who was a very active member of the Hoover Commission group—and the Secretaries of the Army, Navy, and Air Force have considered it, so consideration of this bill hasn't been just a lightly brushed-off type of thing. We really tried to think it through after long discussion. The officials I just mentioned are very deeply con-

cerned. They have concluded that, if the outline plan that I mentioned earlier were to be put into effect, it would be costly and a real obstacle to sound programing, budgeting, and effective operation.

Now I want to emphasize the point that this is true unless the obligation authority for long-lead-time items is to be on a no-year basis, as it is at present.

The application of this full funding principle to these programs of construction—shipbuilding and aircraft procurement, research and development, of lead-time items of that kind—was recognized by the legislative committees in the enactment of the basic organic law covering Army, Navy, and Air Force. Section 40 of the codification of the laws applicable to the three military departments authorize funds for these purposes to be appropriated on a no-year basis. The appropriations committees, we think wisely and properly, consistently have followed this practice. Its advantages are many and obvious. The disadvantages of part cash and part contract authority have been well stated in the House Appropriations Committee Report No. 216 of this year, as Senator Kennedy mentioned a few minutes ago.

We would like to state that we believe that the present basic system of appropriating and obligational authority, and we grant that improvement might be made, is in the best interests of the taxpayer, whether or not accrual expenditures are recorded and utilized as part of the budget process. If the Congress chooses, however, to provide obligational authority in similar manner, it would not, in our opinion, be in the best interests of the Government to do so by providing part so-called cash appropriations and part contract authority.

If the Congress chooses, however, to provide obligational authority on a contract authority basis and appropriate on an annual expenditure basis—the cash expenditure basis or accrued expenditure basis is not important—there is a suggestion we might make which would involve consideration of the overall cost of each program presented and at the same time involve full consideration and review of expenditures. It is simply to provide obligational authority in full amount, and I want to repeat, not part cash and part contract authority, for programs authorized by the Congress—I plead that we never get into that mess again—on a no-year basis for procurement, construction, and research in our case, in a manner somewhat similar to the present act, but in a part II of the act to provide, after examination and review of programs, the aggregate amount approved for expenditure for each department for the fiscal year, either on a cash expenditure basis or on an accrued expenditure basis.

Senator HUMPHREY. Would you mind explaining to the subcommittee just what the basic difference between what you have recommended and what this bill provides?

Mr. McNEIL. The bill would permit it, but doesn't provide it.

Senator HUMPHREY. All right, the bill permits it. The bill lays down a policy declaration by Congress to which you subscribe. That policy declaration is that estimates for proposed appropriations will be determined on an annual accrued expenditure basis. I gather that you, sir, representing the Department of Defense, would not disagree with that objective. Is that correct?

Mr. McNEIL. First, it won't give you the profit that has been advertised; second, we don't object to it because we are working toward the same end result.

Senator HUMPHREY. You are working toward it and it is an objective you would like to attain. Is that right?

Mr. McNEIL. It isn't going to give Uncle Sam the net profit that has been stated.

Senator HUMPHREY. Let's not worry about that. I grant you that sometimes people are dazzled by the various exaggerations as to how many billions of dollars are going to be saved by implementation of the Hoover Commission reports. But the main thing I am concerned about it whether we are perfecting legislation here that No. 1 gives the Congress, the elective representatives, a means for better control over the program planning and expenditures; No. 2, which holds the Congress accountable for program planning and expenditure control.

Today we have the responsibility, but we are not necessarily held accountable. Once we grant obligational authority, there is too great a tendency to leave it to the agencies to decide from there on out how they are going to spend the money.

Mr. McNEIL. Senator, that isn't the way this business runs.

Senator HUMPHREY. Maybe it isn't the way it runs all the time, but I want to say this to you, Mr. McNeil, I have been on the Foreign Relations Committee a little while and I know something about what happens to obligation authority once it is granted by the Congress, and I am not happy about it. I think obligation authority causes more trouble to the Congress than any other one thing because the figures change faster than a child's temperature when he has the measles—up and down all the time. One day the figure is this and one day it is that and nobody knows exactly what it is, despite the best efforts we make to keep up with it.

Mr. McNEIL. You are speaking of the foreign aid program?

Senator HUMPHREY. I am speaking of the foreign military aid program.

Mr. McNEIL. That is what I mean, the foreign military aid program is a program that has been reviewed annually and on an annual basis, so the annual review approach—by itself—doesn't solve the problem. We have to get the program sound or it doesn't work.

Senator HUMPHREY. Your own obligational authority in the Department of Defense has been a source of great concern, as you know.

Let me ask you this question because we are right here on the key point. Do you agree this proposed legislation is a statement of congressional policy and a statement of general purpose?

Mr. McNEIL. It is a statement of policy, in my opinion, sir. It is rather incomplete, I believe, as to the general method of implementation. It is incomplete unless there is a general understanding of about how the policy should be carried out. I don't mean that it must spell out all the details.

Senator HUMPHREY. Is it not true that the bill gives the President the widest flexibility in implementing this legislation in the most practical manner?

Mr. McNEIL. Not when it includes language such as "to reduce and eliminate the large carryover balances of appropriations from one fiscal year to another." That could easily be interpreted, and undoubtedly would be, under the explanations we have received, that

you couldn't carry over the balances necessary to complete a project you have justified and which had been approved.

Senator HUMPHREY. Mr. McNeil, I fully appreciate your valiant defense of what you believe to be a sound business position in the Department of Defense and I recognize the many problems which confront you. However, is it not true that the details of this proposal are to be worked out by your own agency, the Department of Defense, and the Bureau of the Budget under the direction of the President? Isn't it your real concern that the Bureau of the Budget may not implement the proposal as you would implement it.

Mr. McNEIL. It's already been done, if they carry out the policy in the manner they have stated.

Senator HUMPHREY. Therefore, your concern over proposed implementation should be directed to the President, not to the Congress.

Mr. McNEIL. No, sir. I think it is here on the hill because if this subcommittee and the Congress, as a whole, considers that the outline plan which I quoted is the pattern to be favored in the legislative history of the bill then, frankly, we are going to be in trouble.

Senator HUMPHREY. Now just a minute. The subcommittee has endorsed no outline plan. Are you talking about the Bureau of the Budget memorandum? Is that what you are talking about?

Mr. McNEIL. Yes. Other witnesses have supported this under the Hoover Commission recommendations and this is based on those recommendations.

Senator HUMPHREY. You refer to the Bureau of the Budget's interpretation of implementation of the bill?

Mr. McNEIL. Yes.

Senator HUMPHREY. I refuse to accept that interpretation as binding until we have an official directive or a law on the statute books. This is merely an interpretation by the staff of the Bureau of the Budget, which they gave to you in answer to an inquiry. It is an informal interpretation or discussion memorandum at best; isn't that right?

Mr. McNEIL. Yes, but I still say it is the outline plan that would be proposed to be carried out if this is passed.

Senator HUMPHREY. Do you have any doubt as to the intention of this subcommittee as to the exercise of contract authority?

Mr. McNEIL. I don't have it clear, sir.

Senator HUMPHREY. You do not have it clear?

Mr. McNEIL. No; I don't.

Senator HUMPHREY. You have been listening to what we have said.

Mr. McNEIL. I think I would interpret, however, that the subcommittee perhaps hasn't firmed up its position, but does have the impression that contract authority, if that method were chosen, should be provided at one time to complete the project, even if the cash payments were provided for on an annual basis.

Senator HUMPHREY. The position of this subcommittee as to contract authority was most precisely and properly stated by the Comptroller General in response to a question earlier in this hearing. (See Mr. Campbell's response to a question on this matter by Senator Kennedy on p. 30.)

Mr. McNEIL. I don't believe, sir, the Comptroller General covered the point of the unobligated contract authority at the end of the fiscal year. He covered the point that, if it had been obligated, it would

stand; if unobligated, it wouldn't stand, and that is one of the points I am trying to make, sir, that if we do a smart job of buying, we shouldn't rush to go out and do a lot of June buying just to place the obligations.

Senator HUMPHREY. That is exactly what we are trying to get away from.

Mr. McNEIL. That is what we are trying to avoid, too, sir.

Senator HUMPHREY. I wish to repeat that the authority to clarify all of this, is given the President right in the bill.

Mr. McNEIL. Your statement would ease our main doubt, sir.

Senator HUMPHREY. How do you understand my statement?

Mr. McNEIL. I understand from your statement that this bill does not mean that the contract authority, unused contract authority on June 30 would lapse if it had been provided for the whole cost of the program.

Senator HUMPHREY. However, it does mean that the expenditures for the payment of that contract authority will be made each year after careful examination of the progress under the contract and the further need of continuing with the contract.

Mr. McNEIL. That is correct, sir. That is my understanding.

Senator HUMPHREY. Senator Kennedy?

Senator KENNEDY. I am not sure, but I think we ought to wait—at least my suggestion would be to wait until we have heard from Mr. Brundage on this question of unobligated contract authority. I would think we would hesitate about becoming committed to that position until we have heard from the Bureau of the Budget. I am glad Mr. McNeil brought it up because we can get an authoritative statement from him.

Senator HUMPHREY. Very good.

Senator KENNEDY. When you started out, you said this bill was deficient and does not provide for mechanics, et cetera. I understand that the President, who is the Commander in Chief and the head of your Department, as he is the rest of the Government, asked for this authority, and we are giving him what he asked for. Therefore, it seems to me eminently proper that you would support this legislation because it is what the President asked for, what the Bureau of the Budget has endorsed, and what the Secretary of the Treasury asked for. We are not providing any power that the President did not request us to give.

Mr. McNEIL. As to the word "deficient," I would rather change that word or define it to mean that the bill wasn't clear as to the intent, particularly on the point I was raising on the continuing availability of contract authority, the no-year type of contract authority.

Senator KENNEDY. As I understand, there is no question of continuing the contract authority no-year which has been obligated. The question merely is on these unobligated contract authorizations at the end of the year, and I think that is very worthwhile to have that question brought up.

Mr. McNEIL. It is a very important question, Senator.

Senator KENNEDY. I have my own opinion about it and I would like to hear Mr. Brundage.

Mr. McNEIL. We have very carefully set those amounts aside as necessary to complete the approved program and we submit clear statements of such amounts in support of our appropriation requests

before the House and Senate. We also submit them to the Bureau of the Budget. We operate under a plan with these amounts set aside. As a matter of fact, those set-asides for contracts in the future years are left unapportioned in the Bureau of the Budget, just to be sure they are locked up.

Senator KENNEDY. The point I want to make is this subcommittee is really giving the President the authority he requested. I assumed therefore, that you and all other members of the executive branch would support this legislation requested by the President and the enactment of which we have been told is in accord with his legislative program.

Mr. McNEIL. It makes a big difference, sir, when you say you want something to drive—whether you order a carriage, or an automobile or a jet airplane. You have to know what the machine is designed to do in order to know whether that method of propulsion or locomotion is the best. That is the big point.

Senator KENNEDY. Isn't it merely a question of the Department of Defense and the Bureau of the Budget working out the details? We are merely giving the authority. It seems to me it is not up to us to arbitrate what appears to be a dispute between you and the Bureau of the Budget as to precisely how this authority should be exercised.

Mr. McNEIL. I don't think it is a dispute. It is a question more of the basic intent of this bill. More particularly how it is to be carried out.

Senator KENNEDY. Isn't there a disagreement between you and the Bureau of the Budget?

Mr. McNEIL. Sure. We have differences all the time and I think it is helpful because we are able to bring a lot of things out on the table for discussion and probably as a result get a better job done for Uncle Sam as a result.

Senator HUMPHREY. Using your analogy on transportation, what we are really doing here, at the request of the President, is providing you with a transportation voucher. You can go in any kind of vehicle or form of transportation you want so long as you get to the objective sought by the Congress, which is that proposed appropriations should be determined on an annual accrued expenditures basis, where appropriate and practical. That is what the President of the United States has requested. That is what the Secretary of the Treasury has requested and that is what the Bureau of the Budget has requested.

We are saying, in effect, that the Department of Defense and the Bureau of the Budget, under the authority of this bill, should get together under the umbrella of the President and work out the specific details of this proposal. If you want to go by jet or bus or train or plane or walk, so long as you end up with an annual accrued expenditure basis program, you will be fulfilling the wishes of the Congress and the expressed will of the President.

Mr. McNEIL. We thank you very much.

Senator HUMPHREY. As sponsor of this legislation, do you agree with that, Senator Kennedy?

Senator KENNEDY. Yes, it is my understanding; and I think Mr. Brundage will sustain the opinion that this bill, S. 434, is in accordance with the President's legislative program and meets the request contained in his budget message that the Congress give further consideration to legislation to place Government appropriations on an

accrued expenditure basis. It has been stated by the Bureau of the Budget that this bill is satisfactory to them. As to further details—the mechanics, as the chairman says, such as working out the time and so on—these should be settled by the Bureau of the Budget and the Department of Defense; but I do agree it is worthwhile to pinpoint the question of unused contract authority and I think Mr. Brundage ought to discuss that in his statement so we can give you some opinion on it.

Mr. McNEIL. The legislative history means a great deal in carrying out the objective of such legislation.

Senator HUMPHREY. Thank you very much, Mr. McNeil.

Mr. Brundage, Director, Bureau of the Budget.

STATEMENT OF PERCIVAL F. BRUNDAGE, DIRECTOR, BUREAU OF THE BUDGET

Senator HUMPHREY. Mr. Brundage, we have your statement, which will be incorporated in the record at the conclusion of your testimony. I believe, sir, that you testified on this very same proposal before the subcommittee about a year ago; is that right?

Mr. BRUNDAGE. I did.

Senator HUMPHREY. Therefore, would it be agreeable with you to summarize your general observations and come directly to the major points which we have been discussing here today?

Mr. BRUNDAGE. I will be very glad to.

Senator HUMPHREY. We would appreciate your comments on these questions of interpretation of the implementation of the objectives of the bill.

Mr. BRUNDAGE. Mr. Chairman and members of the subcommittee, we do feel that this bill sets forth the recommendation of the Hoover Commission. It is in accord with the policy expressed by the President in a message last year, and also in the budget message this year.

With respect to this particular point, as I understand it, the Hoover Commission left that open for a decision by the President. In other words, as you expressed it—I thought very well—contract authority could be restated every year. I do feel that in the interest of reducing this large unobligated dollar carryover, which from an operating department point of view is very advantageous—but from a budget control and congressional point of view I think is disadvantageous—I would like to see a reconsideration of unused contract authority each year. I think we can work out the details with the Department of Defense and the other departments. It seems to me it would be very advantageous from the point of view of clarity from the consideration of Congress, to have your appropriations on an expenditure basis. I think the discussions in the House these last few weeks make it clear that they think they are going to benefit our actual budget surplus by cutting some of this new obligational authority in 1958, but it won't. It won't in large part be realized until later years.

I think it would be very advantageous to have the contract authorization likewise reconsidered each year, just as we do all of the programs. You take this aircraft carrier. Assume it will cost a hundred million dollars, and you get a hundred million contract authority.

Now, if you decide that you want to place that contract with a single contractor, or you want to break it down and sign all your contracts during the first year, you will have obligated your full 100 million authorization.

If you decide, as Secretary McNeil said, to wait to order your powerplants until you get the hull completed, then I think at the end of that year it would be a good idea to look at it and see whether you need it, in view of the changes in construction that may have been made in the hull—as to whether you need more or less for that powerplant. I can't see any objection from an operating point of view, because I think we would consider their position just as we do in all of their requests. I don't know whether that clarifies it or not.

Senator HUMPHREY. As I understand your statement, Mr. Brundage, contract authority which is obligated for a continuing contract would not terminate but would be subject to review each year; is that right?

Mr. BRUNDAGE. Well, insofar as they have entered into contracts during the year, those would not terminate. It is any open, uncontracted amounts, that would be reexamined.

Senator HUMPHREY. The unobligated amounts?

Mr. BRUNDAGE. Yes; that is right.

Senator HUMPHREY. Senator Kennedy, does that meet your question?

Senator KENNEDY. Yes.

Senator HUMPHREY. I would like to nail this down. We have been discussing this quite a lot, and I think we will have to sort of refine it as we go along. A hearing is something like a gristmill here, you know, which finally produces the facts.

Senator KENNEDY. The contract authorization for a hundred million dollars on a long-lead-time item taking 3 or 4 years—your point is that in that first year, if that contract has not been obligated within 12 months—

Mr. BRUNDAGE. They have authority to make a contract. Now, if they have actually made that contract with General Electric or Bethlehem Steel—whatever company it is—then you don't need any more contract authorization. What will come up each year will be the amount to be appropriated on an expenditure basis for payment, and if the contract is going to cost more, if they make changes or something—if it is going to cost more, then they have to go in for more contract authorization at the same time that they go in for the annual appropriation on an expenditure basis. Now, if they decide that they are not going to contract for that whole carrier in the first year, but only, we will say, for the hull which might cost \$25 million, well, then the rest of that \$100 million or the \$75 million, I think, should be looked at again. That is a credit in the bank, and we want to look at it again.

Senator HUMPHREY. But it doesn't mean that the contract is terminating or lapsing.

Mr. BRUNDAGE. That is right.

Senator HUMPHREY. What it means is that the unused or unobligated balance is subject to the most careful review for the next fiscal year; is that right?

Mr. BRUNDAGE. That is correct.

Senator KENNEDY. I think there is a distinction here which should be made. My understanding was that unobligated contract authorizations would lapse and obligated contracts would be subject to a review, which would be natural in considering the expenditures for the coming year. The unobligated authority would lapse. Isn't that your position?

Mr. BRUNDAGE. As I understand it, that was left open—you might check with Mr. Stewart of the Hoover Commission—for decision by the President. And I believe that this memorandum which was given to the Secretary of Defense at his request, as to what our offhand idea would be about how this would work out, was not an official document. It was merely an interpretation, as I understand it. We felt that we should relook at the unused contract authorization as well as the obligated authority. Now, whether that would take the point of canceling and asking for it all over again—I think that Secretary McNeil has a point there. He figures that he needs a hundred million dollars for the carrier, and if he doesn't actually sign contracts for more than \$25 million, that he shouldn't have to go in de novo and ask for another new contract authorization for \$75 million. We ought to have a relook at it, but if we think it is all right it could be restated, as the chairman expressed it.

Senator HUMPHREY. This legislation does not go into the details of this at all.

Mr. BRUNDAGE. No.

Senator HUMPHREY. What we are discussing here is how the legislation will be implemented if adopted. You, sir, as Director of the Bureau of the Budget, would sit down with the representatives of the Department of Defense, for example, and, working under the President's direction, iron the details out.

Mr. BRUNDAGE. That is it exactly.

Senator HUMPHREY. This is a matter of practicality. We have been criticized so many times in Congress for putting our executive agencies in straitjackets which interfere with the effectiveness of their programs. We are not putting any executive agency in any straitjacket with this bill, except insofar as general policy is concerned. The President has asked the Congress to declare a policy to the effect that estimates for proposed appropriations will be determined on an annual accrued expenditure basis. If the Congress so states that policy by enacting this legislation, the question is, How shall that policy be implemented by the executive branch? That, in my opinion, is up to you.

Mr. BRUNDAGE. I don't think we are going to have any trouble.

Senator HUMPHREY. It seems to me we are getting away from the objectives by trying to pinpoint details of implementation in legislation.

Mr. BRUNDAGE. I thought you wanted my views of it.

Senator HUMPHREY. Yes, I do. But, I just want the record clear we are not pinpointing details here. We are just discussing in broad terms what would likely happen under the confines of this legislation when it is implemented later.

Senator KENNEDY. Mr. Chairman, my own opinion would be that in general, unused contract authority should lapse at the end of a year—or at least be subject to revalidation. I recognize that some

agencies, like Defense, might have a problem if such authority automatically lapsed, but I do think it is essential that outstanding contract authority, both obligated and unobligated, should be reviewed periodically.

Mr. BRUNDAGE. It should as a general rule.

Senator KENNEDY. I don't think we should write the details into a report because after you work with this matter some months or some years you may decide there are exceptions to that policy. However, I believe that to the maximum extent possible, unobligated contract authority should lapse.

Mr. BRUNDAGE. It should ordinarily lapse.

Senator HUMPHREY. I would like to concur in that as an additional expression here. Senator Kennedy knows this bill in and out and he held the hearings on it last year, and I know he has devoted much study to it.

Are there any other observations?

Mr. BRUNDAGE. Well, this isn't something that we are going to put into effect overnight. As I stated in my remarks here, we think that it couldn't be actually made operative until we get each department in turn on a proper accrued expenditure accounting basis, and we would do it gradually with the cooperation of the departments, and, as you say, I think we can work it out very satisfactorily.

Senator HUMPHREY. Mr. Brundage, do you consider the memorandum on implementation which was prepared by your office, merely an advisory interpretation, or do you consider it a directive and binding?

Mr. BRUNDAGE. Not at all binding. As a matter of fact, I hadn't seen it.

Senator HUMPHREY. It is a staff level memorandum, is that right?

Mr. BRUNDAGE. It is a staff level memorandum, yes.

Senator HUMPHREY. And it is subject to obvious renegotiation and reinterpretation; is that right?

Mr. BRUNDAGE. That is correct.

Senator HUMPHREY. It is very helpful to have such information available, but we should not interpret that memorandum as being a binding part of the legislative history of this bill.

Mr. BRUNDAGE. No, indeed.

Senator HUMPHREY. Senator Kennedy.

Senator KENNEDY. No questions.

Senator HUMPHREY. Well, Mr. Brundage, if you have no further comments I will ask another question or so.

In your opinion would the stating of appropriations on an annual accrued expenditure basis aid in the balancing of the Federal budget?

Mr. BRUNDAGE. I believe it would.

Senator HUMPHREY. Is it your experience that better control could be exercised over the cost of long lead-time programs by making funds available on an annual expenditure basis rather than the so-called obligation basis?

Mr. BRUNDAGE. I do think so.

Senator HUMPHREY. It is recognized that if Congress converts an appropriation to an annual expenditure basis contract authority would have to be given for the forward planning of long lead-time programs. Would there not be just as great security to private contractors so

long as contract authorization is granted as if the entire appropriation were made at the start of the project?

Mr. BRUNDAGE. I believe so.

Senator HUMPHREY. You believe, then, that the granting of contract authority is as much an obligation upon the Government to fulfill its responsibility to the contractor as if the total appropriation were granted?

Mr. BRUNDAGE. I believe that the contractor has all the security that he needs. I think it does give us a little more flexibility on adjustments, and, of course, in all the big contracts there is continual adjustment being made every day, and I think it gives us a little better control, but I think the contractor is amply protected.

Senator HUMPHREY. Some authorities have likened contract authority to installment buying. They raise the issue that granting appropriations in installments might further diffuse congressional control over expenditures by the executive branch. Do you see any such danger under the provisions of the present bill?

Mr. BRUNDAGE. I don't think so; no. Quite the contrary, I believe your own legislative contracts at the present time for the House Office Building, Capitol powerplant, extension of the Capitol Building, and an additional Senate Office Building are made under contract authority.

Senator HUMPHREY. Now, a final question. Is it the view of your office, speaking on behalf of the administration, that you support this legislation?

Mr. BRUNDAGE. I do.

Senator HUMPHREY. And on behalf of the President you support this bill?

Mr. BRUNDAGE. Yes.

Senator HUMPHREY. Thank you very much, Mr. Brundage. We are very appreciative of your testimony. Your statement will be incorporated in the record at this point.

(Mr. Brundage's prepared statement follows:)

Mr. Chairman and members of the committee, I appreciate the opportunity to present to this committee the views of the Bureau of the Budget on S. 434, a bill "To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations." These views are equally applicable to S. 316, a bill "To provide for stating appropriations on an accrued expenditure basis," which is substantially the same as S. 434 except that it does not contain the statement of congressional policy.

S. 434 would further implement the budget and accounting recommendations of the second Hoover Commission. Public Laws 798 and 863, which were reported from your committee and enacted in the last Congress, carried out other budget and accounting recommendations of the second (Hoover) Commission on Organization of the Executive Branch of the Government. As the President indicated in his public statement on this subject last April, the executive branch will cooperate with the Congress to the fullest extent, so that effective progress can be made toward our mutual goal of installing improved financial management practices throughout the Government. In his budget message last January the President stated, "It is also recommended that Congress give further consideration to legislation which would place Government appropriations on an accrued expenditure basis."

S. 434 expresses the sense of the Congress that budget presentations be improved, and establishes the congressional policy that estimates for proposed

appropriations be determined on an annual accrued expenditure basis. This is a desirable statement that serves to clarify the needs and wishes of the Congress with respect to budget submissions.

This bill would implement the recommendation of the second Hoover Commission for stating appropriations in terms of annual accrued expenditures. It provides that proposed appropriations be determined on an annual accrued expenditure basis to the maximum extent deemed desirable and practicable by the President. We believe that the flexibility given to the President is desirable. It will enable an evaluation to be made for each appropriation to determine the practicability of presenting the estimates on an annual accrued expenditure basis and the benefits that would be derived from this change in procedure.

The bill defines what budget estimates for proposed appropriations on an annual accrued expenditure basis should embrace. It provides that the estimates should include the money requirements for goods and services to be received in the budget year. The language used also recognizes, as a practical matter, that the estimates shall also include the money requirements representing payments which have to be made in the budget year, such as advances, grants and tort claims. Certain types of appropriations to which the accrued expenditure basis of stating estimates is not applicable would be excluded.

Budget estimates on the annual accrued expenditure basis would include the funds required to cover the value of the goods and services to be received in a fiscal year whether or not payments for such goods and services are actually made in the same fiscal year. At the end of each year there would usually be some unpaid bills or accounts payable which would be paid, in the subsequent year, out of the balance brought forward from the appropriation for the year in which the goods were received.

In addition to estimates for proposed appropriations on the accrued expenditure basis as contemplated by S. 434, it would be necessary to present estimates for contract authority to incur obligations in advance of appropriations so that contracts may be awarded or orders issued as necessary in the budget year to insure delivery of goods and services as needed in subsequent years. This is not specified in the bill since authority to include in budget requests proposed authorizations to create obligations in advance of appropriations is contained in section 2 of the Budget and Accounting Act, 1921, as amended. In connection with authorization to create obligations in advance of appropriations, a question has been raised as to whether the inclusion of contract authority in an appropriation bill might be considered contrary to the rules of the Senate. To clarify this point an amendment to S. 434 has been introduced by Senator Kennedy which would make it in order to grant contract authority in an appropriation act.

Legislation such as is proposed in this bill would give effect to another Hoover Commission recommendation that agencies maintain a single account under each appropriation. As of the end of each fiscal year, the balance of the accounts payable in each appropriation made on an annual accrued expenditure basis would be transferred to, and merged with, the next year's appropriation. The remaining balance would lapse unless otherwise provided in an appropriation act or other law.

As contrasted with present procedures, we can see many advantages in the practices contemplated by S. 434. I would like to emphasize that a major advantage of this proposal is the improved program control that is made available to the Congress and the executive branch. Under Public Law 863, agency cost based budget presentations will provide additional and more informative data for the purposes of the budget analysis and review. That law will also bring about improved planning practices and the development of more effective management controls in the agencies. As long as appropriations are continued on the obligation basis, however, positive top level control of appropriated funds so far as materiel is concerned, is in effect limited to control of the procurement plans of the agency. The use of annual accrued expenditure appropriations would place Congress and the executive branch in an improved position for establishing effective monetary controls on the scope of a program during a given fiscal year.

We also believe that appropriation requests on the accrued expenditure basis would provide a more direct relation to budget balance. Under this method the relationship between appropriations and checks issued—the basis for calculating the surplus or deficit—would be much closer than is the relationship under existing practice. In making appropriation determinations that involve consideration of the adequacy of agency plans for receipt and application of

goods and services, the Congress would play a more positive role in the Government's financial planning. Arriving at the level of appropriations on this basis, it would be in position to give more consideration to the effect of agency proposals on the annual surplus or deficit result for the Government as a whole.

At this point I would like to contrast present practices with my understanding of the procedures envisioned by S. 434. At the present time estimates for appropriations are presented and appropriations of funds are made to cover the goods and services to be ordered in the budget year regardless of whether such goods and services are to be received or paid for in the budget year or in subsequent years. At the time goods or services are ordered an amount is obligated or reserved in the appropriation account to pay the vendor when such goods or services are received. In long-lead-time procurement program several years may elapse between the time of the order and the time the goods are delivered.

This practice would be changed in this way by S. 434. Budget estimates would be set forth in such a way as to segregate (a) the appropriation of funds needed in the budget year to cover the goods and services to be received in that year and (b) where needed, the authority to enter into contracts and orders for goods and services to be delivered in future years. The request for appropriation of funds in a given year, therefore, would cover the goods and services to be received in that year regardless of whether they were ordered in a prior year under contract authority or in the current year under the appropriation of funds authority.

The need for contract authority in individual agencies would vary according to the type of program conducted and the operating needs of the agency. A request for contract authority will obviously be required in long-lead-time programs. Such a request may be made in addition to an accrued expenditure appropriation request for other types of programs, depending on a demonstration of the need for advance purchasing in the light of the agency's own operations.

To illustrate this point, contract authority would certainly be a part of a budget request for procurement of aircraft. This might represent a 5-year program in which some of the contracts must be awarded in the budget year to permit assembly and completion at various points in the 5-year period. On the other hand, an administrative agency may need some electronic equipment for program use which might require 2 years for delivery and installation. Or it might conduct a program that normally requires placement of an order in one budget year to insure delivery early in the succeeding budget year. Both of the latter would also need advance obligating authority. While the aircraft procurement program is readily recognized as a lead-time program, the administrative agency examples illustrate the same important need for advance authority to cover specific items in the program.

The Hoover Commission in its report indicated that the Congress should restate the contract authority annually as needed. I interpret this to mean that unused contract authority at the end of each year would lapse and that requests for new authority would be made as needed each year on the basis of program requirements. I have indicated previously how the balance of appropriations of funds as of the end of each year would be disposed of under the provisions of S. 434.

Under the proposed procedure, annual estimates of proposed appropriations and contract authority would be based on a presentation to the appropriations committees of the agency's financial plan for conduct of a program. For example, the long-range aircraft procurement program I previously mentioned might involve a total of \$15 billion, spread evenly over a 5-year period. In the initial budget submission the accrued expenditure appropriation request would be for \$3 billion together with a contract authority request for \$3 billion needed for forward contracting in the budget year. This would be requested as part of a plan showing the total \$15 billion cost and the contract authority and accrued expenditure requirements in each of the subsequent years of the program. The budget submission for the second year of such a program might reflect a revised estimate of performance in the current year, showing deliveries of \$2½ billion and contracts awarded in the amount of \$3 billion. If the request for the second year follows the original plan of a \$3 billion accrued expenditure appropriation and a similar amount of contract authority, it might be appropriate to cut back the accrued expenditure request on the basis of the revised estimate of current year performance. Thus, with this type of presentation each year, the executive branch and the appropriations committees would be able to make a more effective determination of the financing needs for the program.

This systematic annual presentation of the agency financial plan of operation, showing past performance and forward planning, is one of the benefits to be

gained by use of the proposed appropriation procedure. Information of this kind may be available under present practices, but the significant point is that such data are not required by law to be brought automatically to the attention of the Congress each year nor is further congressional action required with respect to carryover balances of continuing appropriations.

In the aircraft procurement program illustration, the initial contract authority request for the program covers only the obligations necessary to be incurred in the budget year. Depending on which course of action is most appropriate for the program involved, the initial contract authority request could cover the total cost of the program. In either case, however, the unused contract authority would lapse at the end of each year.

We are fully cognizant of the fact that a change such as that contemplated by S. 434 will present problems. We have heard many procedural questions raised. For example, it has been stated that an annual review of the Government's total program would result in an increased workload for both the Congress and the executive branch. We grant that additional work may be involved. However, we feel that the benefits to be derived in the way of better control over Federal spending will be well worth this additional effort.

Another question has been raised regarding the effect of this proposal on agency-contractor relations in long-lead-time programs. Since the annual basis of requests for appropriations and contract authorizations under this bill would not provide for one-time appropriation of the total cost of a program extending over several years, it has been stated that contractors would hesitate to bid on Government contracts; that prices quoted by the contractors might be higher; or that the contractor's credit would be questionable on Government jobs subject to future appropriation action. We have already had experience in this respect under contract authority which has been used in the past. Appropriations for some of our long-lead-time programs did not provide funds for total costs of a given contract, but no unusual difficulties were encountered in arriving at mutually satisfactory contractual arrangements in carrying out these programs. In this connection, it might be noted that the representatives of private industry on the Hoover Commission task force that made this recommendation gave no indication that this appropriation procedure would create problems for the contractor beyond those that may already exist under current practice.

The question of delays in delivery schedules has been raised. If goods are expected to be delivered in the budget year but not actually delivered until the subsequent year, from what appropriation would payment for such goods be made? The payment would have to be made from the appropriation for the year in which the goods were received. It is conceivable in some cases that this situation might result in requesting a supplemental appropriation since the delay in the delivery was not contemplated when the budget estimates for that year were prepared. This may involve the handling of more supplemental appropriations but only experience can determine the extent of the increase.

The converse of this previous question is also a possibility. Goods scheduled for delivery in a subsequent year may actually be delivered in the current year. In such cases, if funds are not available in the current appropriation, it would be necessary to reschedule other deliveries to keep accruals within the sum appropriated, or else to get authority in a supplemental appropriation act to transfer a portion of the following year's appropriation to cover the excess of deliveries in the current year. In any event, an agency would have to keep accruals within the sums set in appropriation acts year by year; any excess would be a violation of the Antideficiency Act, and would require congressional approval in the form of an adjustment in the sum appropriated for the year in question.

Another question has been raised as to whether the accounting under the procedures contemplated by this bill would require the maintenance of two separate sets of accounts. As we see it, two sets of accounts should not be required. Instead, there should be one integrated accounting system. In this connection it should be recognized that Public Law 863 provides for the development of accrual accounting systems that produce related control information on obligations, accrued expenditures, costs, and disbursements; and permit the use of cost-based budgets. In the final analysis, therefore, the accounting required by this procedure is already provided for in Public Law 863. Agencies are currently moving toward development of such accounting systems.

In considering these questions it should be recognized that in any major change such as this there are always problems to be resolved. However, if the conversion is undertaken on a gradual basis as the bill permits, we believe that the problems

can be resolved satisfactorily. In the conversion we would hope to work closely with the appropriations committee of the Congress with regard to the more precise form of estimates for proposed appropriations of funds and contract authority.

We urge that the Congress give favorable consideration to the enactment of S. 434, together with the amendment introduced by Senator Kennedy.

Senator HUMPHREY. Mr. Stewart, Chairman, Hoover Commission Task Force on Budget and Accounting.

Mr. Stewart, would you like to submit your statement for the record and summarize it? The Senate will convene in a very few minutes.

Mr. STEWART. I would be very happy to, Mr. Chairman.

(The statement reads as follows:)

STATEMENT OF J. HAROLD STEWART, CHAIRMAN, HOOVER COMMISSION TASK FORCE ON BUDGET AND ACCOUNTING

Mr. Chairman and members of the subcommittee, I appreciate the privilege of appearing again before your committee to endorse the enactment of the legislation contained in S. 316 and S. 434, designed to place the budget of the Federal Government on the basis of annual accrued expenditures.

In appearing before you I find myself in the company of a most impressive group of endorsers of the objectives of this legislation. These endorsers include the President, former President Hoover, the Comptroller General, the Director of the Budget, the Secretary of the Treasury, and the Secretary of Defense. The American Institute of Accountants, the national organization of certified public accountants, has likewise endorsed the principles of the legislation. The President in his budget message said: "It is also recommended that the Congress give further consideration to legislation which would place Government appropriations on an accrued expenditure basis."

The proposal would replace the present basis of appropriations which is in terms of obligational authority for multiple years. The object of the change is to strengthen control of the purse by the Congress. Effective control requires control of governmental expenditures. Under the proposed legislation the various Government agencies would be required to obtain appropriations in the form of annual accrued expenditure authority. The present controls which rest upon the authority to obligate the Government have become antiquated and are completely inadequate to deal with the greatly expanded and farflung operations of our Government. The present system which was adequate when the Government was spending \$1 billion annually is not adequate to deal with a budget of over \$70 billion. Under the present system the rabbit goes in the hat when at the beginning of a program obligational authority together with all the related funds are obtained under an appropriation act. Thereafter it is generally lost sight of.

The program proposed by the legislation under consideration can be summarized as follows:

- (1) The several agencies of the Federal Government would present budget requests for grants of authority (appropriations) to make expenditures covering the costs of goods and services which it is estimated will be acquired in the fiscal year under consideration and such other authorized payments as may be required.

- (2) These requests would be reviewed by the Bureau of the Budget in advance of submission to the Congress as they now are.

- (3) The requests for expenditure authority would be accompanied by justifications in the form of estimates which would indicate the total cost of each program or project, the amount expended in previous years, the amount of expenditure authority requested for the year under review, and the amount of contract authority still required to cover items beyond the current year. They would be further supplemented by information as to performance.

In this way the Congress would have a continuing look at the progress and present state of long-lead-time programs which cover periods of more than 1 year. Largely as a result of these long-term programs, there will be an estimated carryover of approximately \$46 billion of unused appropriations at the outset of the fiscal year 1958. Under the proposed system the searchlight would play upon this large carryover, its composition would be ascertainable, and

the component programs could be reviewed in the light of current circumstances to the end that congressional action could be taken for their revision or cancellation where necessary.

Under the present system the Congress, concerned primarily with obligational authority, cannot control the rate of expenditures. The proposed change would permit such control.

It would be surprising if there were no opposition to the suggested change. Certain Members of the Congress do not favor the proposed change, fearing that the use of contracting authority will be abused. In the past when contract authority was granted concurrently with obligational authority under an appropriation act, contract authority was granted on the basis of less exacting requirements than pertained to obligational authority. This resulted in the misuse of contract authority. However, under the proposed system, appropriations in terms of expenditure authority are paramount and contract authority is a companion which would be subjected to the same tests and scrutiny as would obligational authority under the present system. There is no contemplation that the control of the right of agencies to enter into contracts, which right they have under the present obligational system, would be in any measure relaxed. In fact it would be tightened as a result of more informative presentation of the present status of long-lead-time programs and the necessity of obtaining authority to make expenditures under contracts entered into. The greatest impact of this change would be felt in the areas of defense and foreign aid which by their nature involve the carrying out of long-term programs.

I, personally, am persuaded that given means of controlling both expenditures and the use of contract authority the Appropriations Committees of the Congress can function much more effectively than under the present system. In addition to improved congressional control the proposed method would provide the agencies with more effective means of management control from their standpoint. It is through more effective management control made possible by more adequate information that savings can be effected and the greatest use made of the tax dollar.

In the last session of the Congress legislation was enacted to implement the development of cost-based budgeting and accrual accounting. I understand that already there are evidences of the usefulness of that legislation. It was a necessary preliminary step to the adoption of an accrued expenditure basis of budgeting.

The provisions of the proposed legislation place with the President the responsibility for making the transition which must take place on an evolutionary basis. Last year you by your legislation supplied some of the tools required to effect the improvement. I urge you strongly to enact the proposed legislation and finish the job so well started.

Mr. STEWART. Mr. Chairman, I am very glad to have the opportunity to come before this subcommittee again and come before it at a time when there appears, apparently, to be some confusion in the minds of people as to what the Hoover Commission really intended.

Mr. Brundage stated very well the position taken by the Hoover Commission task force and the Commission itself and that was—I am speaking now to the matter of contract authority—that the matter was left flexible because if it wasn't left flexible we would possibly provide a straitjacket which would become unworkable. We have a great deal of sympathy with the people in the agencies, particularly the Department of Defense, the Bureau of the Budget and the Treasury Department. We believe they must be left completely free to effect this transition by whatever means seems to them to be the most practicable.

Now as I have listened to the opposition to this bill, it seems to be negligible. In other words, I am here in the company of a cloud of witnesses including the President, the Director of the Bureau of the Budget, former President Hoover, the Comptroller General, the Secretary of the Treasury, and the Secretary of Defense who are on record as approving the objectives of this legislation. So I think

perhaps I can most usefully direct the next few minutes to talk to the opposition.

I was very much interested to learn this morning from Mr. McNeil's testimony before the House Committee, that he is concerned primarily with the implementation of this legislation. His position is like the man who goes to his doctor and agrees that the doctor knows what he is doing. The doctor tells him what is wrong with him and he puts himself in his hands to do what he can to remedy his condition, but he is fearful as to precisely what medicine and at what time and what place the doctor will administer.

It seems to me we can have complete confidence in the President, the Director of the Budget, the Department of Defense and the other agencies of the Government once the Congress has spoken to carry out its will. You passed some related legislation last year. At that time there was some questioning as to whether or not it was necessary. Inquiry recently brings out the conclusion, and I think the Department of Defense concurs in this, that it was useful legislation. It was useful because the Congress spoke. This will be particularly useful for the same reason.

There is only one other matter I would like to speak to you about and that is for the purpose of clearing up the record. Last year in the closing minutes of your hearing there was an indication by the Department of Defense representative that the Hoover Commission Task Force would know more about this problem had they spent more time in the Department of Defense.

I would like to make it abundantly clear that the task-force report was not a curbstone opinion. It was the result of a careful study; it was an informed opinion and we came to the conclusion that we did after careful study of the whole picture, with particular reference to the Department of Defense.

When we started our study, there was appointed in the Department of Defense the so-called Cooper Committee, headed by Mr. Charles P. Cooper, of New York. This Committee was appointed by Secretary Wilson to make a study similar to the one which, under the mandate of the Congress, the Hoover Commission was about to make.

At the outset, there was some eyebrow lifting and some questioning as to whether or not this was an attempt to provide asbestos and, possibly, to minimize the effort of the searchlight of the Hoover Commission playing upon the Department of Defense. I personally wasn't concerned about it. Mr. Hoover wasn't concerned about it either, because when we considered the caliber of the individuals who composed that Committee, we were completely sure we would get an objective opinion from them and we would have confidence in any information they might develop.

The members of that Committee were the chairman, Charles P. Cooper; Albert Bradley, then executive vice president of General Motors; W. Harold Brenton; Prof. Paul M. Green, who was then dean, College of Commerce and Business Administration, University of Illinois; Robert E. Gross, the president of Lockheed Aircraft Corp.; Joseph B. Hall, president of the Kroger Co.; W. J. McNeil, Assistant Secretary of Defense (Comptroller); D. L. Millham; Frank H. Neely; E. M. Voorhees; Thomas P. Pike, then Assistant Secretary of Defense (Supply and Logistics); and Robert L. Stearns.

We concluded that the most useful way for us to function was to wait until the Cooper Committee had finished its initial work and avail ourselves of their findings. They had a very substantial staff and there were those in the Department of Defense who criticized that Committee for spending too much time on its study. We did have discussions with the Cooper Committee and staff and I had the privilege of talking at length with Mr. Cooper and Professor Green and other members of the committee. We had discussions in particular with Professor Green, who directed his attention particularly to the accounting and fiscal control aspects of the work. We had their working papers available to us. We didn't accept their conclusions without checking them against the background of the hearings before the Congress, particularly the appropriation hearings and those on title IV amendments to the National Defense Act. We talked with people within the Defense Department and the other agencies, and examined particularly the impact of Defense Department operations in the Bureau of the Budget, the Treasury Department, and the General Accounting Office.

We also had a well-informed staff director, a gentleman who was assigned to me, very kindly, by Mr. McNeil. He had been a special assistant to Mr. McNeil. He spent a good deal of his life in the Defense Department. I, too, spent perhaps more of my life than I would have liked to in the Navy, not that I didn't enjoy it, but it was so many years gone. So it seems to me it is rather late in the day to impute to this task force a once-over-lightly treatment of a serious matter.

We had a real responsibility to the Congress. I would like the record to show that we discharged that responsibility at a substantial personal sacrifice as far as the other members of the task force were concerned. We didn't stint in time, expense or anything else—and this was not Government expense, incidentally—to get the job done. So I would just like to make sure that the remarks last year and the remarks included in the record before the House Government Operations Committee the other day cannot be misinterpreted.

SENATOR HUMPHREY. We want to thank you for this reassurance which, I may say, was not exactly needed, but it is helpful for the record. I think all of us owe the task force a debt of gratitude for real sincere work in the interest of the country.

MR. STEWART. Thank you, Mr. Chairman. I have burdened you perhaps longer than I am entitled to already.

SENATOR HUMPHREY. Not at all.

MR. STEWART. I would like to say in conclusion that it seems to me the principal utility of this legislation is the fact that it will give the Congress a continuing look at these long-lead-time programs that will permit them to do something about them if it chooses. In my opinion, it will result in a more orderly presentation of the budget, and the congressional committees can get a look at these programs in financial terms as well as in terms of accomplishments and take whatever action may be necessary under the circumstances.

I believe no one can measure precisely the economies which can result from that, any more than you can measure the economies public-wise which come from having a police force. We know they are there, but we cannot measure them.

Senator HUMPHREY. If we were without one, it could get rather expensive.

Mr. STEWART. Exactly.

Senator HUMPHREY. I have always felt that the Hoover Commission recommendations on these administrative improvements are somewhat difficult to measure in dollar-and-cent terms on each occasion, but we do know that the recommendations as implemented to date by the Congress and by the executive branch have made for better administration of Government programs. I have always felt that we got a little more out of the dollars we spend. We may not save dollars but we get more service out of the dollars, I believe.

Mr. STEWART. That is it exactly. That is what our objective was. We were scrupulously careful in our task force report to give credit to these agencies which are wrestling with their monumental tasks. I have every sympathy with the Department of Defense. I know what their problems are, but I also believe that the Congress deserves some sympathy in its problem because the responsibility from the people's standpoint is right on the congressional doorstep.

Senator HUMPHREY. I feel certain that the proposal before us will aid the Congress in really coming to grips with the tremendous budgetary problem we have. It is almost impossible for a Member of Congress unless he has many years experience on the Appropriations Committee to really comprehend all the details of the tremendous expenditures we are required to make every fiscal year. I think this is illustrated by the fact that sometimes there is more discussion in the Senate over a \$10,000 item, or a \$100,000 item, than over a \$10 million item.

I think it is essential, therefore, that the Congress better equip itself so that it may evaluate every dollar that is being appropriated and every dollar that is being expended.

Mr. STEWART. Exactly.

Senator HUMPHREY. I know Senator Kennedy has emphasized this repeatedly in his consultations with Members of the Senate, with reference to enactment of this legislation we are considering today.

Mr. STEWART. We are all indebted to Senator Kennedy for his interest which started long ago in this matter.

I might say there is one other objection which was raised—I have not heard it raised here, but I did in the House—and that is the fear that contract authority will be treated lightly and will not be dealt with in the same serious fashion that obligation authority would. I can't understand the basis of that fear, because this bill does not propose one bit of realization as far as the control of obligation authority by the Congress goes. I am speaking now of the Mahon report, and I wish if it were possible you could incorporate in the record a portion of the hearings which led to that Mahon report, and the portion I refer to is the testimony of Secretary Humphrey in which he says the only way he knows to run a business is to control the expenditures.

Senator HUMPHREY. We will consider that, by all means.

Mr. STEWART. I thank you, sir.

(Secretary Humphrey's testimony before the Subcommittee of the Committee on Appropriations of the House of Representatives on the Administration Plan to Improve Congressional Control of the Budget, Wednesday, July 13, 1955, to which Mr. Stewart refers, follows:)

Mr. WIGGLESWORTH. Let me ask you this, Mr. Secretary: As I understand it, the recommendation which you make is exactly in accord with the practice followed in the business world, is that not the fact?

Secretary HUMPHREY. That is exactly it. What I am trying to do, gentlemen, for the whole thing here, is to get this in the same shape you would in running a business.

Mr. WIGGLESWORTH. In other words, if you were going to lay out your spending program you went to your board of directors or your finance committee and said, "I need (a) so much money for expenditure in the next year and (b) I need authorization of some kind to conclude specified long-term commitments." But insofar as the dollars and cents made available were concerned, they were limited to expenditure and nothing else for the year ahead. Is that not the general practice in all business?

Secretary HUMPHREY. It is the general practice in all the businesses I know about. I have found that, in being responsible for spending what in those days were large sums of money but which today looks like peanuts, compared to Government expenditures. I have found the only way I could keep track of them, where they came in from all parts of the country and different businesses and everything of that kind, was to get them in such shape first that I had an estimate of what the total job was going to be, but primarily that I had an estimate of what they were going to spend this year. What we authorized was what they were going to spend this year. We told them to go ahead with the job and get the estimate and revise the estimates currently, and keep revising the estimates; but each year we approved it and allowed the expenditure for 1 year's time. That is all they got to spend.

Further than that, also, before we ever authorized the spending of any money we got all the figures from everybody, so that we could do what you have to do as an individual or what you would do in your own home or any other place. There is no place I know of where there are not more desirable places to spend money than there is an amount of money you have to spend. What you have to do in your home in your individual finances and every other place in every business I know of is to get all of the requests at some point, of all of the requests that are good, that everybody wants, and look them over, and then decide which are the best and which you will defer. You always have to defer some. You always have to except some, because the requests always exceed the money. Therefore, at some point you have to be in a position to exercise a judgment as to priorities of what you will take this year and what you will postpone or cut out.

That is the failure that we have in the Government today, and we have to get that to the Congress. The Executive has that power and that right and that duty, but if the Executive does not carry it through or as fully as he should the Congress ought to have the right to have that same view to see what it is in the whole picture to see what they think, if there is not enough money to go around all the way, are the most essential things we require, and what are the things we can cut out. Those are the two objectives.

Mr. WIGGLESWORTH. Under the business system the board of directors controls the exact amount of expenditure in any given year?

Secretary HUMPHREY. That is right.

Mr. WIGGLESWORTH. Whereas under our present governmental system appropriations are made to cover expenditures for 3 or 4 years, and the actual expenditure is left to the Executive. It seems to me to deprive the Congress of all practical control over expenditure as distinguished from appropriations in any given year.

Secretary HUMPHREY. It deprives it of all control over expenditures over that period of time.

Mr. WIGGLESWORTH. Yes.

Senator HUMPHREY. Just this question before you leave. Was it the intention of the task force that this legislation should be relatively broad, stating the objective of the Congress, and leaving the details of implementation to the appropriate agencies of the executive branch of the Government?

Mr. STEWART. It was. We considered that deliberately and were unanimous in our conclusion that that should be the course.

Senator HUMPHREY. Do you feel S. 434 meets the intention and the objectives of the task force?

Mr. STEWART. In every way, sir.

Senator HUMPHREY. We are most appreciative of your cooperation, Mr. Stewart, and your helpfulness this morning.

Senator KENNEDY. Mr. Stewart is a distinguished gentleman from Massachusetts and has had much accounting experience. Also, he was, as your know, chairman of the Hoover Commission Task Force on Budget and Accounting.

Senator HUMPHREY. It is an honor in itself to be a citizen of Massachusetts, and it is a singular honor, indeed, to be represented by the distinguished Senator from Massachusetts, Mr. Kennedy, but I may say what you have done for your country in terms of working on this report, Mr. Stewart, is an even greater honor.

Mr. STEWART. Thank you very much.

Senator HUMPHREY. This will conclude the public hearings on this legislation. We will leave the record open for the consideration of any additional statements which may be submitted at a later date.

(Whereupon, at 12:10 o'clock, p. m., the subcommittee adjourned sine die.)

(No additional statements were received.)

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AMENDMENT TO
BUDGET AND ACCOUNTING ACT



HEARINGS
BEFORE THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
EIGHTY-FIFTH CONGRESS
SECOND SESSION
ON
H. R. 8002 and S. 434
TO PROVIDE FOR IMPROVED METHODS OF STATING BUDGET
ESTIMATES AND ESTIMATES FOR DEFICIENCY AND
SUPPLEMENTAL APPROPRIATIONS

Printed for the use of the Committee on Appropriations



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BUDGET AND ACCOUNTING ACT**

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AMENDMENT TO BUDGET AND ACCOUNTING ACT

TUESDAY, JULY 8, 1958

UNITED STATES SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The committee met, pursuant to call, at 2:30 p. m., room F-37, in the Capitol, Hon. Carl Hayden, chairman, presiding.

Present: Chairman Hayden, Senators Ellender, Hill, Robertson, Bridges, Saltonstall, Young, Knowland, Smith, Dworshak, Dirksen, and Ives.

OPENING STATEMENT OF CHAIRMAN

Chairman HAYDEN. The committee will be in order.

The purpose of our meeting today is to consider the bill H. R. 8002 which passed the House of Representatives on March 6, 1958, and which has been referred to the Committee on Appropriations with instructions to report it to the Senate not later than July 11, 1958.

In order for the record to disclose a thorough history of this bill, I will insert the following documents in the record:

1. Recommendation of the Hoover Commission.
2. H. R. 8002 as it passed the House on March 6, 1958.
3. The explanation of Hon. Richard Wigglesworth, a member of the House Committee on Appropriations, made in the Congressional Record of March 6, 1958, of the purpose of H. R. 8002 which passed the House.
4. Senate bill S. 434 together with report filed by Senator Humphrey, from the Committee on Government Operations, dated May 29, 1957.
5. H. R. 8002 as reported to the House on June 18, 1957, together with report on bill by Representative Dawson, from the Committee on Government Operations, dated June 17, 1957.
6. (a) Extract from the President's budget message to Congress dated January 13, 1958, page M55 of the budget document.
(b) Message from the President of the United States dated April 3, 1958, entitled, "Recommendations Relative to Our Entire Defense Department".
(c) Message from the President of the United States dated April 16, 1958, transmitting a draft of legislation entitled, "To Promote the National Defense by Providing for Reorganization of the Department of Defense, and for Other Purposes."
7. Report to the Committee on Appropriations of the House of Representatives by Mr. Mahon from the temporary subcommittee in charge, "Administration Plan to Improve Congressional Control of the Budget," dated March 21, 1957.

8. Substitute for H. R. 8002 proposed by Hon. John Taber, member, House Committee on Appropriations.
(The material referred to follows:)

SECOND HOOVER COMMISSION

In the report of the Second Hoover Commission on "Budget and Accounting" in June 1955, Recommendation No. 7 states:

"That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures, namely, charges for the cost of goods and services estimated to be received."

In support of this recommendation, the portion of the report headed "Annual Accrued Expenditure Budget" states:

"Our task force suggests that the present budget which is in terms of obligational authority be replaced by an annual accrued expenditure budget. This contemplates that agency budgets be expressed in terms of the charges for goods and services estimated to be received during the year, i. e., the 'accrued expenditures.' The authority granted by the Congress should be for 1-year periods and in terms of authority to make such expenditures. The term 'accrued expenditures' represents the charges incurred for goods and services received and other assets acquired, whether or not payment has been made and whether or not invoices have been received. Thus, the term 'accrued expenditures' is not synonymous with cash disbursements. To clarify this concept, let us consider the Government's activities as being in the following two broad categories:

"1. Programs for which the total annual appropriations as now enacted differ materially from the accrued expenditures in each year. In this category are long lead-time programs for the acquisition of aircraft, ships, and other military weapons, construction, and research.

"2. Government programs where the obligations incurred coincide substantially with the accrued expenditures for each year. The administrative expenditures for most Government agencies are included in this category.

"The application of an expenditure budget to each of these categories would be as follows:

"1. *Long lead-time programs.*—Under this proposal an agency would submit initially a properly described program showing the total funds required for its completion, projected in terms of years. The Congress, if it approved the program, would enact an annual appropriation in terms of the estimated accrued expenditures required for the year under consideration. In addition, the Congress would give the agencies contracting authority in terms of the dollar amount required for orderly forward contracting beyond the budget year. The executive branch and the Congress would review the program annually from the standpoint of costs and accomplishment, both completed and projected. The Congress, at the same time, would restate the contracting authority annually as necessary.

"2. *Other programs.*—Appropriations for the remaining Government programs, where lead time is not an important factor, should also be placed upon an annual accrued expenditure basis. In these cases contracting authority beyond the budget year will not ordinarily be required. The extension of expenditure budgeting to such areas should be a relatively simple matter. It would place budget appropriations and expenditures on a uniform basis throughout the Government.

"A proposal for the use of an expenditure budget was made to the Bureau of the Budget in January 1954 by a group of professional accountants who had studied the problem. Also the Cooper committee in its report on financial management in the Department of Defense, October 1954, stated:

"'However, in order to gain the maximum benefits from budgeting and accounting on a cost basis, the committee suggests that consideration be given to a basis of appropriating that would be more closely related to costs in the sense of goods and services received than the basis now used. Although some provision for congressional authorization to contract for long lead-time c. o. d. orders would be needed, the cost approach would focus attention on the resources to be received and those to be used in the budget year.'

"The Assistant Secretary (Comptroller) of the Department of Defense has expressed the opinion that the idea of an annual expenditure budget has merit and that while there are certain administrative difficulties to be overcome he did not believe them to be insurmountable.

"Naturally, the installation of such a plan will raise transition problems. A necessary step would be the rescission of present large balances of unexpended appropriations and the substitution therefor of annual 'accrued expenditures' appropriations supplemented by contracting authority. The initial contracting authority granted should be adequate to cover existing contracts with suppliers and thus avoid material revision in existing contracts.

"The proposal for an expenditure budget will not alter the protection afforded the Government's suppliers under present appropriation practices. Contractual provisions can be made under which suppliers would be assured payment of their high 'starting load' and 'tapering off' costs, so that in the event of a contract cancellation or cutback they would be protected against loss from such action on the part of the contracting authority. Suppliers, when dealing with the Government, would thus be placed in a position equivalent to that in which they are at present.

"Adoption of this proposal will require administrative changes in the Government's budgeting and accounting procedures, particularly in the Department of Defense, and will require education of those concerned with the budgetary process and the working out of the precise mechanics.

"The proposal for an annual accrued expenditure budget would assure annual review of past and proposed performance under long lead-time contracts. That this is important is indicated by the statement of the Director of the Budget in October 1953 that as of July 1, 1953, '\$81 billion of unfinanced appropriations existed as a claim against current and future income or borrowing. The contracts and commitments made as a result of these appropriations became in effect c. o. d. obligations against the Government.'"

Commissioner Clarence J. Brown made the following separate statement:

"I cannot fully accept Recommendation No. 7 to convert the congressional appropriations structure to an estimated annual accrued expenditures basis. This is a radical departure from a long-standing fiscal policy which would require widespread changes in our entire appropriations process. I am, therefore, unwilling to give it a blanket endorsement without the benefit of further study by appropriate committees of the Congress."

Commissioner James A. Farley made the following separate statement:

"Theoretically these recommendations may be desirable from an accounting point of view; but I am not certain that put into effect they will produce the desired objectives.

"This report has been approached from the viewpoint of a cost accountant operating in a private commercial enterprise, in which goods and services are produced and sold for the avowed purpose of providing a profit to those whose capital is invested. That may be an appropriate concept for certain governmental operations which are similar to private commercial ventures and, in fact, is currently in use by many such governmental organizations as stated in the report; it does not seem to me, however, to be appropriate across the board to all Government activities and operations. Even where cost accounting is used, it does not necessarily provide a measure of the effectiveness of programs which are not primarily related to profit but to the performance of proper governmental functions. The transition to 'cost basis' accounting will require tremendous expense and inconvenience, and there is insufficient evidence that it will be universally workable and worthwhile.

"I am hopeful that the appropriate congressional committees to which this report is referred will very carefully examine and explore the possible effects of these recommendations."

Commissioner Chet Holifield made the following separate statement:

"I am concerned about the potential effects of certain Commission recommendations in the report on Budget and Accounting and therefore make these qualifying observations.

"The report tends to exalt the role of the accountant in Government just as the Commission Report on Legal Services tends to exalt the role of the lawyer in Government.

"Not only is the Bureau of the Budget to be expanded and vested with active management functions, including the placement of Bureau agents in major Government agencies, but special emphasis is given to accounting organizations. A new office of Assistant Director of Accounting would be established in the Bureau of the Budget to develop and promulgate accounting methods.

"Comptrollers would be established in each principal agency, to be selected with the guidance of the Assistant Director of Accounting, who would also

help in the selection, training and retention of personnel in the accounting organizations of the various agencies.

"The basis for preparing Government budgets and for justifying appropriation requests would be drastically revised, with emphasis on cost and accrual accounting and presentation of budget requests in broad categories.

"Whether these technical recommendations actually would tighten congressional control of the public purse and bring about improvements in management and greater economies, as claimed, it is difficult to determine. Cost and accrual accounting may be useful in certain agencies engaged in procurement, lending and other business-type operations, but I do not see how these accounting techniques could be applied universally in the Government with beneficial results.

"Many Government operations and services do not lend themselves to commercial accounting treatment, nor can their value to the public always be measured by cost criteria. The Government is not a profit-making organization organized around sales to a market. The performance of its functions does not have the common denominator of dollar returns which can be compared with costs.

"The end result of the Commission's recommendations may be formal consistency in accounting principles rather than actual gains in economy and efficiency."

[H. R. 8002, 85th Cong., 2d sess.]

AN ACT To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsections:

"(b) Whenever the President determines there has been established a satisfactory system of accrual accounting for an appropriation or fund account, each proposed appropriation thereafter transmitted to the Congress for such account pursuant to the provisions of this Act shall be accompanied by a proposed limitation on annual accrued expenditures.

"(c) Whenever an appropriation is subject to a limitation on annual accrued expenditures, there shall be charged against the limitation the cost of goods and services and other assets received, advance payments made and progress payments becoming due, and the amount of any other liabilities becoming payable, during the fiscal year concerned.

"(d) At the end of the fiscal year concerned, any unused balance of the limitation on annual accrued expenditures shall lapse.

"(e) Any liabilities becoming payable during the fiscal year concerned but for which payment is not made during that year may be paid, if not otherwise contrary to law, in a subsequent fiscal year or years to the extent they are within the limitation on annual accrued expenditure for the fiscal year concerned.

"(f) Any obligations incurred during the fiscal year concerned or in prior fiscal years which do not result in liabilities becoming payable during the fiscal year concerned shall be charged against the limitation on annual accrued expenditures for any succeeding fiscal year in which such obligations may result in liabilities becoming payable.

"(g) Nothing in subsections (b) through (f) of this section shall be construed to change existing law with respect to the method or manner of making appropriations or the incurring of obligations under appropriations."

SEC. 2. (a) It shall be in order to provide in any bill or joint resolution making appropriations, or in any amendment thereto, limitations on annual accrued expenditures covering amounts becoming payable as a result of obligations incurred both in the fiscal year concerned and in prior fiscal years, and provisions pertaining to the availability of any appropriations or funds previously made available.

(b) The provisions of subsection (a) of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the Constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

SEC. 3. This Act, and the amendments made thereby, shall cease to be in effect April 1, 1962.

Passed the House of Representatives March 6, 1958.

Attest:

RALPH R. ROBERTS, *Clerk.*

[Congressional Record, March 6, 1958]

Mr. WIGGLESWORTH. Mr. Chairman, I offer a substitute amendment for the amendment offered by the gentleman from New York [Mr. Taber].

The Clerk read as follows:

"Amendment offered by Mr. Wigglesworth as a substitute for the substitute amendment offered by Mr. Taber: Strike out all after the enacting clause and insert in lieu thereof the following: 'That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsections:

"“(b) Whenever the President determines there has been established a satisfactory system of accrual accounting for an appropriation or fund account, each proposed appropriation thereafter transmitted to the Congress for such account pursuant to the provisions of this Act shall be accompanied by a proposed limitation on annual accrued expenditures.

"“(c) Whenever an appropriation is subject to a limitation on annual accrued expenditures, there shall be charged against the limitation the cost of goods and services and other assets received, advance payments made, and progress payments becoming due, and the amount of any other liabilities becoming payable, during the fiscal year concerned.

"“(d) At the end of the fiscal year concerned, any unused balance of the limitation on annual accrued expenditures shall lapse.

"“(e) Any liabilities becoming payable during the fiscal year concerned but for which payment is not made during that year may be paid, if not otherwise contrary to law, in a subsequent fiscal year or years to the extent they are within the limitation on annual accrued expenditures for the fiscal year concerned.

"“(f) Any obligations incurred during the fiscal year concerned or in prior fiscal years which do not result in liabilities becoming payable during the fiscal year concerned shall be charged against the limitation on annual accrued expenditures for any succeeding fiscal year in which such obligations may result in liabilities becoming payable.

"“(g) Nothing in subsections (b) through (f) of this section shall be construed to change existing law with respect to the method or manner of making appropriations or the incurring of obligations under appropriations."

"SEC. 2. (a) It shall be in order to provide in any bill or joint resolution making appropriations, or in any amendment thereto, limitations on annual accrued expenditures covering amounts becoming payable as a result of obligations incurred both in the fiscal year concerned and in prior fiscal years, and provisions pertaining to the availability of funds appropriated in prior fiscal years.

"“(b) The provisions of subsection (a) of this section are enacted by the Congress—

"“(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

"“(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

"SEC. 3. This Act, and the amendments made thereby, shall cease to be in effect April 1, 1962."

Mr. McCORMACK (interrupting the reading of the amendment). Mr. Chairman, this substitute has been printed in the Record, I understand. Is that correct?

Mr. WIGGLESWORTH. Yes; it was printed at page 3006 of the Record.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that further reading of the substitute be dispensed with and that it be printed in the Record at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The CHAIRMAN. The gentleman from Massachusetts [Mr. Wigglesworth] is recognized for 5 minutes in support of the substitute.

Mr. BROWN of Ohio. Mr. Chairman, I ask unanimous consent that the gentleman from Massachusetts may be permitted to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The gentleman from Massachusetts is recognized for 10 minutes.

Mr. WIGGLESWORTH. Mr. Chairman, as I stated yesterday, I offer this substitute amendment in the spirit of compromise, in the belief that every Member of the House today desires to obtain the best possible control over the obligations of this Government and the best possible control over the expenditures of this Government.

My amendment is designed to do three things:

In the first place, it eliminates completely from the picture the proposal in H. R. 8002, that, as far as obligations are concerned, we go back to the practice of contract authority which we abandoned some years ago as unsatisfactory.

In the second place, it accepts the balance of the proposal putting the Congress in a position, if it so desires, to place an annual limitation on expenditures in terms of accrued expenditure.

In the third place, it incorporates language to carry into effect the proposal just made by the distinguished gentleman from New York [Mr. Taber], which, in effect, waives points of order against rescissions, transfers, or reappropriations. I believe all of us feel that this is a very desirable thing.

In view of what has just been said, I would like to quote again two paragraphs, this time from an analysis of this amendment as distinguished from the original H. R. 8002, by the Bureau of the Budget.

Referring to subsection (d), to which the gentleman from New York referred, I quote as follows:

"Subsection (d) provides that the unused balance of the limitation on annual accrued expenditures"—that is, on accrued expenditures, not on obligations—"shall lapse at the end of the fiscal year concerned. Receipt of goods and services under the same appropriation account in a subsequent year would be subject to a new limitation which Congress would establish after reviewing performance for the prior year. The authority to receive goods and services and incur other liabilities would thus be controlled on an annual basis in a manner which would automatically entail a review by the Congress of unobligated balances of prior appropriations."

Referring to subsection (e), I quote as follows:

"Subsection (e) provides for making payment for goods and services received in a particular year but not paid for in that year. If such goods and services were within the limitation on annual accrued expenditures for the fiscal year in which they were received, they could be paid for in the next fiscal year without further congressional action, thus insuring that no contractor or supplier would be denied payment for goods and services actually delivered or rendered in accordance with the law and the terms of his contract."

Mr. Chairman, the Budget Bureau believes that any misgivings which contractors or suppliers may have had under the original bill, H. R. 8002, should be largely, if not wholly, eliminated if we adopt the proposed amendment.

I offer this amendment, Mr. Chairman, because I cannot feel that the proposal in the original bill, H. R. 8002, to go back to contract authority is satisfactory. It was discarded because it was believed to be unsatisfactory in the control of overall obligations.

I offer this amendment, Mr. Chairman, because I do not feel that the present system is satisfactory. I have long felt that it was unsatisfactory primarily because it had served to deprive the Congress of direct control over our annual expenditures to a very large extent.

As I pointed out yesterday, we are, in effect, making huge deposits in the name of this or that agency and then saying to the agency concerned, "You go ahead

and draw against this deposit whenever you want to, and to whatever extent you want to. The expenditure is in your hands. We wash our hands of it."

Furthermore, there is the danger that some of these huge sums will be reprogramed without proper control either by the Congress or by the Bureau of the Budget.

The fundamental question, in my opinion, is the question: Shall the Congress of the United States control expenditures as well as appropriations? Shall it control expenditures as it always used to do until the time when we departed from the contract-authority practice, or shall we leave the control over about one-third of our expenditures to executive agencies of the Government?

I think we should be in a position to control expenditure, and I think we should impose a reasonable limitation in the absence of exceptional circumstances.

This amendment has been carefully considered by the Bureau of the Budget, Mr. Chairman.

It is endorsed by the Bureau of the Budget. It is endorsed by the Comptroller General. It is endorsed by the Secretary of the Treasury.

It is supported, generally speaking, by the administration, and it is acceptable to the so-called second Hoover Commission that proposed this legislation originally.

In my opinion, it is a fair compromise for its consideration on this basis.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Florida.

Mr. FASCELL. As I understand it, the gentleman's amendment would preserve the accrual system in the transmittal of the budget; is that correct?

Mr. WIGGLESWORTH. It conforms to the accrual basis of accounting, which is already called for by law and which, I understand, has already been put into effect in about 100 appropriations, or 20 percent of the total number that we have to deal with.

Mr. FASCELL. And it removes the contract authority which is in the basic proposal and substitutes in lieu thereof obligational authority as in the present system.

Mr. WIGGLESWORTH. As far as the making of appropriations or the incurring of obligations under appropriations is concerned, there is no change. The present practice is retained, and we thereby eliminate the principal objection which has been raised in the past by those most hostile to H. R. 8002.

Mr. FASCELL. And your amendment sets up and provides the mechanism by which annual limitations on expenditures could be placed.

Mr. WIGGLESWORTH. That is correct.

Mr. FASCELL. It also includes all of the things that the Taber amendment tries to do.

Mr. WIGGLESWORTH. It is designed to include fully the Taber proposals, which I strongly endorse.

Mr. FASCELL. I thank the gentleman. If the gentleman will yield further, I would like to announce that the proposed amendment has been considered by the committee bringing out the legislation, and I am authorized to say that it is accepted on this side.

Mr. WIGGLESWORTH. I thank the gentleman.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the majority leader.

Mr. McCORMACK. This is simply permissive legislation.

Mr. WIGGLESWORTH. It is just as permissive and just as mandatory as the original H. R. 8002.

Mr. McCORMACK. Exactly.

Mr. WIGGLESWORTH. The Congress can work its will in the light of the proposals from the Executive.

Mr. McCORMACK. And if the President should send up a budget estimate based on this law, the Congress does not have to adopt it?

Mr. WIGGLESWORTH. That is my understanding.

Mr. McCORMACK. Like the chairman of the committee handling the bill, the gentleman from Florida [Mr. FASCELL] I thoroughly agree with the amendment offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH]. I think it not only clarifies it, but strengthens the bill, and at the same time it strengthens the hands of the Congress to a very significant degree. I am in favor of the gentleman's proposal, and hope the amendment will be adopted, and then I also favor the passage of the bill.

Mr. WIGGLESWORTH. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. (Mr. Wigglesworth (at the request of Mr. Brown of Ohio) was given permission to proceed for 2 additional minutes.)

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. I have asked for this time in behalf of the minority in charge of this bill and of the minority on the Committee on Government Operations to say that we, too, have gone over this amendment very thoroughly, and the committee, members of both parties, unanimously agreed we would accept this amendment, not exactly what some of us may want, but as a compromise that meets the original objectives of the measure and presents a fair piece of legislation for consideration by the House.

Mr. WIGGLESWORTH. I thank the gentleman.

Calendar No. 402

85TH CONGRESS }
1st Session }

SENATE

{

REPORT
No. 394PROVIDING FOR IMPROVED METHODS OF STATING
BUDGET ESTIMATES

MAY 29, 1957.—Ordered to be printed

Mr. HUMPHREY, from the Committee on Government Operations,
submitted the following

REPORT

[To accompany S. 434]

The Committee on Government Operations, to whom was referred the bill (S. 434) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, having considered the same, report favorably thereon, with an amendment, and recommend that the bill, as amended, do pass. The amendment adds a new section to the bill on page 4.

PURPOSE

This bill amends the Budget and Accounting Act of 1921 to provide that estimates for proposed appropriations of the executive agencies of the Government shall, where appropriate, be determined on an annual accrued expenditure basis.

The President on four separate occasions—a special message to the Congress, May 10, 1956; a statement when he signed Public Law 863, 84th Congress, August 1, 1956; his budget message to the 85th Congress, January 16, 1957; and a letter to the Speaker of the House of Representatives, April 18, 1957—has requested this authority.

In his letter to the Speaker of the House he specifically urged the Congress to—

enact bills approved by the administration to implement Hoover Commission recommendations, such as the authorization of appropriations on the basis of annual accrued expenditures * * *.

In addition, the Secretary of the Treasury, the Director of the Bureau of the Budget, and the Comptroller General of the United States, have strongly recommended the enactment of legislation

which would authorize the conversion of appropriation estimates to an annual accrued expenditure basis.

Enactment of this legislation by the Congress would directly implement the objectives of the Second Hoover Commission, which recommended:

That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures, namely, charges for the cost of goods and services estimated to be received (recommendation No. 7, Hoover Commission Budget and Accounting Report, June 1955, p. 25).

The word "objectives" is used because this bill provides that budget estimates shall be determined on an annual accrued expenditure basis. It does not provide that congressional appropriations shall be expressed in such terms, although it follows that if budget estimates are prepared on an annual accrued expenditure basis, congressional appropriations would be made upon that basis. The last sentence of the new proposed subsection (b) (to sec. 201 of the Budget and Accounting Act of 1921), lines 8-10, page 2, of S. 434, reads:

It is therefore the policy of the Congress that *estimates for proposed appropriations* will be determined on an annual accrued expenditure basis. [Italic added.]

In no sense is this bill a mandate to the President, but a granting of authority which he has requested, as heretofore noted. Moreover, the bill gives the President the broadest flexibility with which to exercise this authority within the executive branch. Its language states clearly that estimates of appropriations shall be converted to an annual accrued expenditure basis when the President (1) deems such action to be desirable and (2) determines that it is practicable.

It is also recognized that a change of this magnitude in appropriations procedures should be approached on the basis of individual appropriations or programs. Hence, the timing of agency conversions to the annual accrued expenditure method, as well as the manner in which the transformation is made, are left to the President's discretion as circumstances in each individual agency warrant.

Under the annual accrued expenditure system, the executive agencies would present their budget estimates for a fiscal year on the basis of expenditures to be made or accrued that fiscal year only. In appropriating on this basis, the appropriations committees would grant appropriations authority for each fiscal year for expenditures actually to be made or accrued during that fiscal year only—and not for expenditures to be made in future fiscal years, as frequently occurs under the present appropriations system.

Authority would be given the Appropriations Committees of the Congress to authorize agencies to enter into contracts in advance of appropriations for the forward planning of long lead-time programs in subsequent fiscal years, under provisions of the bill.

SECTION-BY-SECTION ANALYSIS

Subsection (b) is a policy declaration by the Congress, based upon the reasons given therein, that estimates for proposed appropriations should be determined on an annual accrued expenditure basis.

Subsection (c) provides that proposed appropriations of executive agencies, authorized by the Budget and Accounting Act of 1921, shall, "to the maximum extent deemed desirable and practicable by the President," be determined on an annual accrued expenditure basis.

The second paragraph of subsection (c) provides that—

annual accrued expenditures shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

The third paragraph of subsection (c) exempts certain appropriations (such as, for the payment of claims, to provide for or increase revolving funds, for obligations for which liability is fixed by treaties, etc.), from the provisions of S. 434.

Subsection (d) provides that conversion by the executive branch to the stating of budget estimates on an annual accrued expenditure basis—

shall be accomplished in such manner and at such times as may be determined by the President.

Subsection (e) provides that at the end of each fiscal year any balance of an appropriation or fund made on an annual accrued expenditure basis which is in excess of the accrued expenditures for the year shall lapse, unless "hereafter provided otherwise in an appropriation act or other law." The subsection also provides that the amount of the accrued expenditures properly charged to the appropriation or fund for the fiscal year, but not paid during such fiscal year shall be merged as a single account with any appropriation or fund made for the same general purpose for the ensuing fiscal year.

This is to enable agencies to liquidate their accounts payable for goods or services received, but not paid for during the fiscal year from a single account, as the Hoover Commission recommended in its report.

COMMITTEE AMENDMENT

The amendment approved by the subcommittee adds a new section to the bill, as follows:

SEC. 2. (a) Whenever an appropriation bill or an amendment thereto provides for an appropriation in terms of annual accrued expenditures, or specifies that an appropriation therein is based upon annual accrued expenditures, it shall be in order to provide in any such appropriation bill or in any amendment thereto the authority to enter into contracts for the purposes of such appropriation in an amount in addition to the amount of such appropriation.

(b) The provisions of subsection (a) of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

The Appropriations Committees of the Congress do not have authority to include contract authorizations or other legislative amendments for the forward planning of long lead-time programs in an appropriation bill. Inclusion of such general legislation in an appropriation act is subject to a point of order under rule XVI of the Senate.

To resolve this problem the above amendment, proposed by Senator John F. Kennedy, of Massachusetts, sponsor of S. 434, authorizes the inclusion of contract authority in an appropriation bill in addition to the amount of appropriation made. This, in effect, changes the rules of each House of the Congress as they affect the granting of such authority in an appropriation bill.

HEARING, APRIL 12, 1957

A public hearing was held on S. 434 by the Subcommittee on Reorganization of the Senate Committee on Government Operations on April 12, 1957.

The bill was given the strongest endorsement by Senator Kennedy, Senator Frederick G. Payne, of Maine, Senator Wallace F. Bennett, of Utah, Senator Frank A. Barrett, of Wyoming, cosponsors; the Secretary of the Treasury; the Comptroller General of the United States; the Director of the Bureau of the Budget; and J. Harold Stewart, Chairman, Hoover Commission Task Force, Budgeting and Accounting, each of whom recommended, without reservation, enactment of this legislation into law.

Some concern as to proposed implementation of the legislation by the Bureau of the Budget was expressed at the hearing by W. J. McNeil, Assistant Secretary (Comptroller) of the Department of Defense, particularly with respect to the lapsing of unused contract authority at the end of a fiscal year.

The Director of the Bureau of the Budget testified that the informal outline of implementation to which Mr. McNeil referred, which the staff of the Bureau of the Budget had drafted at the Department of Defense's request, was in no sense a directive but a preliminary discussion memorandum in no way binding upon any executive agency.

It was the consensus of the subcommittee that implementation of the conversion of appropriation estimates to an annual expenditure basis is a matter to be worked out by the President, with the advice of the Bureau of the Budget, after consultation with the agencies affected, under the formula granted by the Congress in S. 434. As witnesses testified, rigid statutory restrictions as to method, application or timing of such a revolutionary change in the appropriations process would encase the program in a straightjacket which could seriously impair its effectiveness in the executive branch.

It was made clear, however, by the chairman of the subcommittee, by Senator Kennedy, the sponsor of the bill, and by the Director of the Bureau of the Budget that unused contract authority granted by the Congress for the forward planning of long lead-time programs

should ordinarily, but not necessarily, terminate at the end of a fiscal year, depending upon the specific contracting requirements of the programs involved.

It was their conviction, also, that grants of contract authority, whether obligated or not, should be reviewed annually to provide Congress with a complete report upon the status of the respective programs for which the authority was originally granted—and to determine whether such contract authority should be rescinded, extended or modified in any way.

STATEMENT BY THE SECRETARY OF THE TREASURY

In a statement to the chairman of the subcommittee, dated April 10, 1957, Secretary of the Treasury, George M. Humphrey, endorsed the objectives of S. 434, as follows:

In my letter to the chairman of this subcommittee on June 1, 1956, in connection with the hearings on S. 3897, 84th Congress, a bill to improve governmental budgeting and accounting methods and procedures, I supported completely the objectives of the Hoover Commission recommendations on budgeting and accounting. Several of these recommendations have been made effective through the enactment by the 84th Congress of Public Law 863, approved August 1, 1956, including the recommendations that, as soon as practicable, Government accounts be maintained on the accrual basis and that agency budgets be formulated and administered on a cost basis.

Agencies will be required to determine their needs on the basis of costs and maintain their accounts on an accrual basis. When this is done, only then is it possible to begin to correlate what is produced and performed with actual cost for the same period of time. This change in accounting should provide an excellent basis for improvement in control over actual costs of operations and programs. It will provide the Congress and the executive branch of the Government a better opportunity to examine and review the results of operations with estimates based on budgeted working plans which would be developed and accounted for on the basis of the cost of goods and services received for a particular fiscal year. It should reduce the vast carryover of appropriation balances representing, for the most part, obligations for goods and services to be received and paid for in subsequent fiscal years. This situation has caused me some concern in the past. Any means by which we can bring this carryover of appropriations under better scrutiny and review will be a step in the right direction.

S. 434 is a further move forward because at the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures shall lapse. This leaves a vast area of activities where capital goods and services have to be acquired for delivery beyond the year in which contracts are made. It will be necessary for the Congress to provide contract authority in these cases. I believe contract authorizations

for long-range projects are preferable over the present basis of appropriating, because they would provide a means for a thorough review and examination of progress made and commitments outstanding at the end of each year when the current budget is being considered. To secure the advantages which can be obtained through adoption of accrued expenditure-based appropriations, it will therefore be necessary for the Congress to provide affirmatively that it shall be in order in appropriation bills to include contract authority for financing of long-range activities, as is provided for in the proposed amendment to S. 434.

STATEMENT BY THE COMPTROLLER GENERAL

The following excerpts from the statement by the Comptroller General set forth, in detail, the improvements in financial management which would flow from conversion of the Government's financial structure to an annual accrued expenditure basis.

The stating of appropriations on an annual accrued expenditure basis, together with the furnishing of cost data to the Congress as provided by Public Law 863, approved August 1, 1956, would provide great impetus to improved correlation of programing, budgeting, accounting, and funding of authorized Government activities each year.

This basis of stating appropriations is a natural extension of the cost budgeting enacted in Public Law 863. Under that provision of law, the agencies will prepare annual budgets which will show the estimated costs of the authorized programs and the inventories and other assets available for use in the performance of the programs. Budgets on this basis provide needed tools for management and control of Government programs and activities in terms of annual and total costs.

However, since the present basis of stating appropriations is in terms of obligating authority, i. e., the amount of funds to be earmarked for contracts and orders covering current and future deliveries of goods and services, the amounts of the appropriations requested for any year under the present method are not, in many cases, closely related to the cost of planned performance under the programs during that year. This results in large carryovers of appropriation balances from year to year. The 1958 budget contains requests for appropriations and other obligating authority totaling \$73.3 billion. This is in addition to a \$70 billion balance of appropriations and other obligating authority carried forward from prior years, resulting in \$143.3 billion proposed to be available to the agencies during 1958, with actual expenditures estimated at \$71.8 billion.

The budget surplus or deficit is determined annually based on the difference between annual receipts and expenditures. But the appropriations, on the present basis, are in terms of obligations against the current and future years. Establishing a direct correlation between annual appropriations and expenditures vests in the Congress and the Presi-

dent a greater opportunity to control the level of operations during a particular budget year on the basis of conditions existing in that year.

As matters now stand, Congress has little control over spending once the funds are voted, and the President has limited control over spending after apportionments of authority to incur obligations are made by the Budget Director to the agencies. The present situation stems from the fact that congressional control through the appropriation of funds and Budget Bureau control through apportionments are both stated in terms of authority to obligate rather than budgeted work plans for the cost of goods and services estimated to be received by the agencies.

This does not measure currently the cost of progress or performance where long lead-time items are involved. It is only when a program is totally completed that obligations approximate costs and then only if all resources have been consumed. Under the annual accrued expenditure basis of appropriations, Congress would base its appropriations of funds on the annual costs in relation to the accomplishments obtained and to be obtained for those costs, in the light of current conditions and the inventories and other assets on hand, after considering the total estimated costs of a program.

We believe that total estimated costs should be considered by both the agencies and Congress before a program is initiated in the Government and while a program is being performed. All of the present safeguards of consideration and control of total program costs are retained under the annual accrued expenditure basis of stating appropriations. Indeed they are improved because, in addition to providing for consideration of the total estimated cost, this method of determining appropriations provides a means of direct congressional control over the yearly segments of planned performance. The proposed method provides for an orderly review by the Congress of the amount of funds needed in any year in relation to the year-by-year accomplishments and their costs as compared to each year's estimated performance and estimated costs, as well as the continuing need of the program in relation to current national and international conditions.

An examination of the present-day practices in the long lead-time areas (for example, in procurement, construction, and research and development) involving extensive reprogramming, a multitude of changes in engineering plans and specifications during the period of production of many items, and other factors, discloses the necessity for controlling total costs in terms of annual accrued expenditures. Because of these inherent factors in the operations involved, cost budgets as provided by Public Law 863, teamed with appropriations on an accrued expenditure basis, would provide a type of continuing budget presentation that would bring out the adequacy of management planning or the lack of it and would give the Congress an opportunity to have a voice in setting the level of operations from year to year.

It is inherent in the proposed annual accrued expenditure basis of stating appropriations that congressional authority

be granted as necessary on long lead-time items for the issuance of contracts which precede the phase of operations covered in an annual accrued expenditure appropriation. The Hoover Commission noted this necessity in its discussion preceding its recommendation No. 7. We believe that the necessity for forward planning authorizations, both as to timing and amount, should be determined by the Congress as circumstances may warrant. Of course, under whatever method may be employed in granting such authorizations, the need for them would be subject to annual review from the standpoint of the costs and accomplishments, both completed and projected, and the proposed annual accrued expenditure appropriation.

This authority has been exercised in the past by the Congress in the form of "contract authorizations." The authority to include requests for such contract authorizations in the budget, which is contained in the present section 201 of the Budget and Accounting Act, 1921, in view of the definition of the term "appropriation" contained in section 2 of that act, will not be abrogated by the provisions of S. 434.

It is a significant fact, however, that heretofore both the "contract authorizations" and subsequent appropriations "to liquidate contract authorizations" were stated in terms of obligational authority. Under the annual accrued expenditure basis of stating proposed appropriations, any necessary authority to enter into contracts and orders for future delivery of goods and services would be stated on the obligational basis but the appropriation of funds would be stated annually in terms of the accrued expenditures for the year based on the more precise planning possible on a year-by-year basis of planned performance.

The need for contract authority, or any other form of obligational authority, in conjunction with annual appropriations on the accrued expenditure basis, is limited to the areas of operations where forward contracting is required to provide an orderly flow of product. It will not ordinarily be required for salaries, allowances, travel expense, and other current administrative expenses.

The determination of appropriations on the annual accrued expenditure basis, with concurrent authority to enter into contracts to insure orderly future deliveries of long lead-time items, is in no way detrimental to the interests of contractors. They would be paid for performance just as they are now, the only difference being that such payments would be made out of the funds appropriated by the Congress for that year and not out of funds appropriated in some past year.

The Government's liability to a contractor under a canceled or terminated contract would be no different than the Government's liability in similar circumstances under the present method of stating appropriations in terms of obligations. If, in the considered judgment of a Congress, a program entered into by an agency should be curtailed or eliminated in the best interests of the United States, the unperformed portion of the contract would be canceled and

undoubtedly the Congress would, if necessary, appropriate funds to pay for the termination.

The year-by-year congressional control of program performance, inherent in the annual accrued expenditure basis of stating appropriations, provides the Congress with an improved current and continuing tool for exercising restraint over contracting on a program when actual costs are substantially exceeding the original estimated costs, when performance is lagging behind schedule, or when the conditions under which the program was originally approved have changed substantially.

In view of the changes that are required in many agencies to place into effect the accrual accounting and cost budgeting practices authorized by Public Law 863, which are necessary to support appropriations on an annual accrued expenditure basis, we endorse proposed subsection 201 (c) that permits flexibility in the timing of the change in the method of stating appropriation requests. It is believed that it is essential to approach such a change on the basis of individual programs or appropriations rather than any sweeping across-the-board plan.

First of all, the successful use of these practices presumes a basic foundation of adequate accounting and the ability to program effectively. These fundamentals do not exist in a number of significant areas. To endeavor to adopt the annual accrued expenditure basis of appropriation before the groundwork is laid for it could only lead to confusion and unsatisfactory results.

Moreover, the greatest advantages to be attained are in the areas of operations involving the long-lead-time commitments, such as in major procurement, construction, and research and development. These appropriations are relatively few in number and it is logical to prove the value to Congress and the executive branch of the revised practices in such areas before complete adoption of the practices, governmentwide, in the areas where the advantages to be gained are significantly less. The selection of areas to be converted and the timing of the changes should be a matter of mutual determination by the Congress, the Budget Bureau, and the individual agency.

We believe that the legislation proposed in S. 434, if effectively implemented, would provide both the President and the Congress much greater control over Federal expenditures. We recommend its favorable consideration.

STATEMENT BY THE DIRECTOR OF THE BUREAU OF THE BUDGET

The Director of the Bureau of the Budget emphasized S. 434 would provide for improved program control, more effective management of expenditures, and would aid in achieving a balanced budget based realistically upon actual surpluses or deficits. He contrasted present appropriation procedures with that envisioned by the Bureau of the Budget under the annual expenditure method, as follows:

At the present time estimates for appropriations are presented and appropriations of funds are made to cover

the goods and services to be ordered in the budget year regardless of whether such goods and services are to be received or paid for in the budget year or in subsequent years. At the time goods or services are ordered an amount is obligated or reserved in the appropriation account to pay the vendor when such goods or services are received. In long lead-time procurement programs several years may elapse between the time of the order and the time the goods are delivered.

This practice would be changed in this way by S. 434. Budget estimates would be set forth in such a way as to segregate (a) the appropriation of funds needed in the budget year to cover the goods and services to be received in that year and (b) where needed, the authority to enter into contracts and orders for goods and services to be delivered in future years. The request for appropriation of funds in a given year, therefore, would cover the goods and services to be received in that year regardless of whether they were ordered in a prior year under contract authority or in the current year under the appropriation of funds authority.

The need for contract authority in individual agencies would vary according to the type of program conducted and the operating needs of the agency. A request for contract authority will obviously be required in long lead-time programs. Such a request may be made in addition to an accrued expenditure appropriation request for other types of programs, depending on a demonstration of the need for advance purchasing in the light of the agency's own operations.

To illustrate this point, contract authority would certainly be a part of a budget request for procurement of aircraft. This might represent a 5-year program in which some of the contracts must be awarded in the budget year to permit assembly and completion at various points in the 5-year period. On the other hand, an administrative agency may need some electronic equipment for program use which might require 2 years for delivery and installation. Or it might conduct a program that normally requires placement of an order in 1 budget year to insure delivery early in the succeeding budget year. Both of the latter would also need advance obligating authority. While the aircraft procurement program is readily recognized as a "lead time" program, the administrative agency examples illustrate the same important need for advance authority to cover specific items in the program.

The Hoover Commission in its report indicated that the Congress should restate the contract authority annually as needed. I interpret this to mean that unused contract authority at the end of each year would lapse and that requests for new authority would be made as needed each year on the basis of program requirements. I have indicated previously how the balance of appropriations of funds as of the end of each year would be disposed of under the provisions of S. 434.

Under the proposed procedure, annual estimates of proposed appropriations and contract authority would be based on a presentation to the Appropriations Committees of the agency's financial plan for conduct of a program. For example, the long-range aircraft procurement program I previously mentioned might involve a total of \$15 billion, spread evenly over a 5-year period. In the initial budget submission the accrued expenditure appropriation request would be for \$3 billion, together with a contract authority request for \$3 billion needed for forward contracting in the budget year. This would be requested as part of a plan showing the total \$15 billion cost and the contract authority and accrued expenditure requirements in each of the subsequent years of the program. The budget submission for the second year of such a program might reflect a revised estimate of performance in the current year, showing deliveries of \$2½ billion and contracts awarded in the amount of \$3 billion. If the request for the second year follows the original plan of a \$3 billion accrued expenditure appropriation and a similar amount of contract authority, it might be appropriate to cut back the accrued expenditure request on the basis of the revised estimate of current year performance. Thus, with this type of presentation each year, the executive branch and the Appropriations Committees would be able to make a more effective determination of the financing needs for the program.

This systematic annual presentation of the agency financial plan of operation, showing past performance and forward planning, is one of the benefits to be gained by use of the proposed appropriation procedure. Information of this kind may be available under present practices, but the significant point is that such data are not required by law to be brought automatically to the attention of the Congress each year nor is further congressional action required with respect to carry-over balances of continuing appropriations.

TESTIMONY OF J. HAROLD STEWART

J. Harold Stewart, of Boston, Chairman of the Hoover Commission Task Force on Budget and Accounting, emphasized it was the Hoover Commission's intention that the greatest flexibility should be granted the executive branch in implementing the conversion to the annual expenditure method of preparing appropriation estimates. He stated that the Bureau of the Budget, the Department of Defense, and other agencies of the Government must be left completely free to effect the transition by the most practical means—warning that rigid restriction would gravely impair the effectiveness of the program.

HISTORY OF LEGISLATION IN 84TH CONGRESS

The Senate on June 20, 1956, unanimously, approved S. 3897 (S. Rept. No. 2265, 84th Cong.), which contained a provision to attain the identical objectives of S. 434, together with other major financial improvements, including cost-based budgets, accrual accounting and simplification of the fund allotment system.

However, the section relating to the presentation of budget estimates on an accrued expenditure basis was stricken by the House of Representatives when it passed the bill. The elimination of the provision was agreed to in conference, when it became obvious that, because of the objections of the House, legislation implementing the other important Hoover Commission recommendations would not be enacted before the pending adjournment of the 84th Congress unless the the Senate agreed to strike the budget estimates section.

When the conference report (H. Rept. No. 2872, 84th Cong.), was approved in the Senate, spokesmen for the committee made it clear that the provisions stricken in conference would be given priority consideration upon the convening of the present Congress. The approval of the pending bill would accomplish that objective.

CONCLUSION

In summary, S. 434 gives the President authority to convert appropriation estimates, with the exception of those appropriations exempted, to an annual accrued expenditure basis, where he deems appropriate in the interests of better financial management and better control of expenditures.

It is fully recognized that if appropriations for long lead-time programs are stated on an annual accrued expenditure basis it will be necessary for the Congress to provide contract authority in terms of the dollar amount required for orderly forward contracting beyond the budget year. The bill, as amended, provides that authority.

The committee also recognizes the fact that the conversion of appropriation estimates to the expenditure basis is a revolutionary change in the Government's financial structure, the application of which by the executive branch will require the same thoughtful consideration that has been given to the granting of the authority by the Congress.

As the Comptroller General has pointed out, the annual budget surplus or deficit is measured by the difference between annual receipts and expenditures. By establishing a direct correlation between appropriations and expenditures through the enactment of S. 434, the Congress provides not only itself, but the President as well, with greater opportunity to control the level of governmental operations during a fiscal year.

It is believed, moreover, that full implementation of this legislation would tend to halt the continuing buildup of carryover balances of appropriations now available for expenditure at the discretion of the executive agencies, with little or no continuing control by the Congress.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill S. 434, as reported, are shown as follows (matter omitted is enclosed in black brackets, new material is printed in italics, existing law in which no change is made is shown in roman):

BUDGET AND ACCOUNTING ACT, 1921, AS AMENDED BY THE BUDGET
AND ACCOUNTING PROCEDURES ACT OF 1950

* * * * *

SEC. 201. (a) The President shall transmit to Congress, during the first fifteen days of each regular session, the Budget, which shall set forth his Budget message, summary data, and text, and supporting detail. The Budget shall set forth in such form and detail as the President may determine—

- (1) functions and activities of the Government;
- (2) at such times as may be practicable, information on program costs and accomplishments;
- (3) any other desirable classifications of data;
- (4) a reconciliation of the summary data on expenditures with proposed appropriations;

(5) estimated expenditures and proposed appropriations necessary in his judgment for the support of the Government for the ensuing fiscal year, except that estimated expenditures and proposed appropriations for such year for the legislative branch of the Government and the Supreme Court of the United States shall be transmitted to the President on or before October 15 of each year, and shall be included by him in the Budget without revision;

(6) estimated receipts of the Government during the ensuing fiscal year, under (1) laws existing at the time the Budget is transmitted and also (a) under the revenue proposals, if any, contained in the Budget;

(7) actual appropriations, expenditures, and receipts of the Government during the last completed fiscal year;

(8) estimated expenditures and receipts, and actual or proposed appropriations of the Government during the fiscal year in progress;

(9) balanced statements of (1) the condition of the Treasury at the end of the last completed fiscal year, (2) the estimated condition of the Treasury at the end of the fiscal year in progress, and (3) the estimated condition of the Treasury at the end of the ensuing fiscal year if the financial proposals contained in the Budget are adopted;

(10) all essential facts regarding the bonded and other indebtedness of the Government; and

(11) such other financial statements and data as in his opinion are necessary or desirable in order to make known in all practicable detail the financial condition of the Government.

(b) *It is the sense of the Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essential in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the*

large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures. It is therefore the policy of the Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis.

(c) The amount of proposed appropriations referred to in sections 201 (a) and 203 of this Act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis. "Annual accrued expenditures" shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

This subsection shall not apply to appropriations for the payment of claims certified by the Comptroller General and of judgments; appropriations for the refund of Federal taxes and of other moneys erroneously received and covered into the Treasury of the United States; appropriations for private relief; appropriations for the payment of interest on trust funds; appropriations to provide or increase revolving funds; appropriations for the payment to former members of the Armed Forces, their dependents and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty; and other appropriations or funds analogous to the foregoing.

(d) The conversion to the use of the annual accrued expenditures method for stating proposed appropriations in accordance with section 201 (c) of this Act shall be accomplished in such manner and at such times as may be determined by the President.

(e) As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless hereafter provided otherwise in an appropriation Act or other law. Any remaining balances of each such appropriation or fund shall be merged with any appropriation or fund made for the same general purpose for the ensuing fiscal year and shall constitute a single account.

[S. 434, 85th Cong., 1st sess.]

AN ACT To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsections:

"(b) It is the sense of the Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essential in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures. It is therefore the policy of the Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis.

"(c) The amount of proposed appropriations referred to in sections 201 (a) and 203 of this Act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis.

"Annual accrued expenditures' shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

"This subsection shall not apply to appropriations for the payment of claims certified by the Comptroller General and of judgments; appropriations for the refund of Federal taxes and of other moneys erroneously received and covered into the Treasury of the United States; appropriations for private relief; appropriations for the payment of interest on trust funds; appropriations to provide or increase revolving funds; appropriations for the payment to former members of the Armed Forces, their dependents and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty; and other appropriations or funds analogous to the foregoing.

"(d) The conversion to the use of the annual accrued expenditures method for stating proposed appropriations in accordance with section 201 (c) of this Act shall be accomplished in such manner and at such times as may be determined by the President.

"(e) As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless hereafter provided otherwise in an appropriation Act or other law. Any remaining balances of each such appropriation or fund shall be merged with any appropriation or fund made for the same general purpose for the ensuing fiscal year and shall constitute a single account."

SEC. 2. (a) Whenever an appropriation bill or an amendment thereto provides for an appropriation in terms of annual accrued expenditures, or specifies that an appropriation therein is based upon annual accrued expenditures, it shall be in order to provide in any such appropriation bill or in any amendment thereto the authority to enter into contracts for the purposes of such appropriation in an amount in addition to the amount of such appropriation.

(b) The provisions of subsection (a) of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

Passed the Senate June 5, 1957.

Attest:

FELTON M. JOHNSTON, *Secretary.*

85TH CONGRESS 1st Session	}	HOUSE OF REPRESENTATIVES	}	REPORT No. 572
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PROVIDING FOR IMPROVED METHODS OF STATING
BUDGET ESTIMATES AND ESTIMATES FOR DEFICIENCY
AND SUPPLEMENTAL APPROPRIATIONS

JUNE 17, 1957.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. DAWSON of Illinois, from the Committee on Government Operations,
submitted the following

R E P O R T

[To accompany H. R. 8002]

The Committee on Government Operations, to whom was referred the bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

INTRODUCTORY STATEMENT

H. R. 8002 is reported by the Committee on Government Operations as part of its continuing efforts to make the Federal budget process operate more effectively and to assure congressional control over appropriated funds. Hon. Dante B. Fascell, of Florida, introduced H. R. 8083, identical with H. R. 8002, and made a major contribution to the deliberations of the subcommittee and the full committee on this most complicated subject. Hon. Glenard P. Lipscomb, of California, like Congressman Fascell, a member of the Committee on Government Operations, introduced a similar bill.

H. R. 8002 provides for the making of budget estimates and appropriations on an accrued expenditures basis. It carries out one of the principal recommendations of the Hoover Commission on Organization of the Executive Branch of the Government as contained in its report on budget and accounting. The proposal was before the committee in the 84th Congress as part of a bill which became Public Law 863, but the accrued expenditures feature of the bill was deleted. However, after further review, the committee now approves the proposal.

H. R. 8002 AS REPORTED

[H. R. 8002, 85th Cong., 1st sess.]

A BILL To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsections:

“(b) It is the sense of the Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essential in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures. It is therefore the policy of the Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis.

“(c) The amount of proposed appropriations referred to in sections 201 (a) and 203 of this Act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis.

“ ‘Annual accrued expenditures’ shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

“This subsection shall not apply to appropriations for the payment of claims certified by the Comptroller General and of judgments; appropriations for the refund of Federal taxes and of other moneys erroneously received and covered into the Treasury of the United States; appropriations for private relief; appropriations for the payment of interest on trust funds; appropriations to provide or increase revolving funds; appropriations for the payment to former members of the Armed Forces, their dependents and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty; and other appropriations or funds analogous to the foregoing.

“(d) The conversion to the use of the annual accrued expenditures method for stating proposed appropriations in accordance with section 201 (c) of this Act shall be accomplished in such manner and at such times as may be determined by the President.

“(e) As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless hereafter provided otherwise in an appropriation Act or other law. Any remaining balances of each such appropriation or fund shall be merged with any appropriation or fund made for the same general purpose for the ensuing fiscal year and shall constitute a single account.”

SEC. 2. (a) Whenever an appropriation bill or an amendment thereto provides for an appropriation in terms of annual accrued expenditures, or specifies that an appropriation therein is based upon

annual accrued expenditures, it shall be in order to provide in any such appropriation bill, or in any amendment thereto, in accordance with existing law, the authority to enter into contracts for the purposes of such appropriation in an amount in addition to the amount of such appropriation; however, where the law authorizing such appropriation specifies a maximum amount which may be appropriated, such contract authorization, together with the appropriation provided for in such bill or amendment, together with accrued expenditures under any other appropriation theretofore made for such purpose, shall not exceed the total amount previously authorized by law to be appropriated for such purpose.

(b) The provisions of subsection (a) of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

SEC. 3. This Act, and the amendments made thereby, shall cease to be in effect July 1, 1961.

SUMMARY OF PROVISIONS

The bill expresses the policy of the Congress that estimates of proposed appropriations be determined on an "annual accrued expenditure" basis, which is defined as relating to goods and services to be received and other payments authorized by law to be made in a fiscal year. It allows certain exemptions from this policy, such as payments of claims certified by the Comptroller General and others. It directs that the conversion to the annual accrued expenditure method be accomplished at the discretion of the President. The bill provides that, as of the end of each fiscal year, the excess of any appropriation over the accrued expenditures shall lapse unless otherwise provided by law. Any remaining balances of each such appropriation shall be merged with any appropriation for the same general purpose for the ensuing year and constitute a single account.

The bill permits appropriation bills to grant contract authority for an amount in addition to the amount of the appropriation in terms of annual accrued expenditures, but where the law authorizing such appropriation specifies a maximum amount this bill prohibits the total of any appropriation combined with such contract authority and accrued expenditures under any other appropriation from exceeding the total amount previously authorized for such purpose. It declares that the bill's provisions are enacted as an exercise of the rulemaking power of the Senate and the House. The act has a time limitation and will cease to be in effect on July 1, 1961.

PURPOSES

The bill states that revisions in presentation of budget estimates are essential—

to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures.

The conversion from the present obligational basis to an annual accrued expenditure basis is believed to be necessary to accomplish these purposes.

The author of the bill described the main purpose of the legislation—

to improve management, to give more facts, to give stricter control to Congress and actually bring about more business-like procedures in the running of our Government * * * .

The Comptroller General stated in his report dated February 12, 1957:

The stating of appropriations on an accrued expenditure basis, together with the furnishing of cost data to the Congress, as provided by Public Law 863, would provide the best opportunity for improved correlation of programing, budgeting, and accounting. Congressional control of costs and expenditures can only be achieved by the maximum utilization of many tools. The stating of appropriations on an accrued expenditures basis can be made a very important tool for the Congress if effectively installed.

HEARINGS

The Subcommittee on Executive and Legislative Reorganization held 6 days of hearings on this and other bills to improve the Federal budget system. Printed copies of these hearings are available, and contain varying views and diverse contentions. Related bills dealing with accrued expenditures were introduced by 12 Congressmen, most of whom appeared before or submitted statements to the subcommittee supporting the bills.

The legislation was supported by J. Harold Stewart, chairman of the Task Force on Budget and Accounting of the Hoover Commission on Organization of the Executive Branch of the Government. The Report on Budget and Accounting made by the Hoover Commission to the Congress on June 20, 1955 (H. Doc. No. 192) recommended that the budget and appropriations be placed on an accrued expenditures basis. An excerpt from this document is found in this report on page 14.

The Director and other officials from the Bureau of the Budget, officials of the General Accounting Office, and the Comptroller of the General Services Administration testified at length in favor of the bill presenting information on the advantages to be derived therefrom. Reports were received from a number of Government agencies, including the Treasury Department, supporting the proposal.

A number of interested organizations such as the American Institute of Accountants and others, Congressmen who were not sponsors of bills, and other individuals submitted statements urging passage.

A joint letter from Chairman Clarence Cannon and Representative John Taber of the Appropriations Committee of the House was received in which they informed the committee of their opposition to all bills requiring appropriations to be made on an accrued expenditures basis. They enclosed a report adopted by the Appropriations Committee which detailed the committee's objection to the accrued expenditures basis. The letter and report are included in full in the printed hearings of the subcommittee. Representative George H. Mahon, a member of the Appropriations Committee, appeared before the subcommittee and testified at length against the bills. Dr. Gerhald Colm of the National Planning Association also appeared at the invitation of the subcommittee and did not favor the accrual system.

SECTION-BY-SECTION ANALYSIS

The bill amends section 201 of the Budget and Accounting Act of 1921, which sets forth certain requirements and specifications for the President's budget, and adds several new subsections.

Subsection (b) recites the policy declaration that reflects the substance of the bill. This is that it is the sense of Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essential in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures. It is therefore the policy of the Congress, the bill states, that estimates for proposed appropriations will be determined on an annual accrued expenditures basis.

Subsection (c) legislates affirmatively that the amount of proposed appropriations (the estimates referred to in subsection (b)) shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis. It is specified that "annual accrued expenditures" shall relate to goods and services to be received in a fiscal year and such other payments as are authorized by law to be made in the fiscal year. The payments for goods and services received in any fiscal year may be made during that same fiscal year or, as provided in subsection (e), in a subsequent fiscal year.

Since annual controls on the basis of goods and services to be received during a budget year would not be applicable to every appropriation, some have been specifically excluded: Appropriations for the payment of claims certified by the Comptroller General or for the payment of judgments; appropriations for the refund of Federal taxes and of other money erroneously received and covered into the Treasury; appropriations made by private relief acts of Congress; appropriations for the payment of interest on trust funds; appropriations to revolving funds; appropriations for the payment to former members of the Armed Forces, their dependents, and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty; and other analogous appropriations.

Conversion to an accrued expenditure basis presupposes adequate systems of programing, budgeting, and accounting. Therefore, subsection (d) of the bill leaves to the President the manner and the time of using the annual accrued expenditures basis for stating appropriations.

Subsection (e) provides that at the end of a fiscal year the excess of any appropriation made on an accrued expenditure basis over the accrued expenditures will lapse. This means that funds not required to pay for goods or services received in the fiscal year will no longer be available for obligation. An amount equal to the unpaid accrued expenditures, represented by the accounts payable at June 30, will merge with the appropriation or fund made for the same general purposes for the next fiscal year as a single account for payment purposes. This merging should simplify accounting requirements without impairing fiscal control.

This subsection thereby carries out another important recommendation of the Hoover Commission Report on Budget and Accounting (No. 17) which reads:

That each department and agency be authorized to maintain a single account under each appropriation title or fund for controlling the amount available for the liquidation of valid obligations.

Section 2 (a) provides for contract authority in appropriation bills based on annual accrued expenditures. Such authority is necessary for projects and programs that will extend for periods longer than 1 year. The section makes clear, however, that the appropriation for the year, plus the contract authority, plus accrued expenditures under any other appropriation for the same purpose, may not exceed any maximum amount that may be contained in the basic legislation that authorized the appropriation to be made.

Section 2 (b) recites that the enactment of the provisions of the subsection referred to above which permits the granting of contract authority in an appropriation bill is an exercise of the rulemaking power of the Senate and House and as such shall be considered a part of the rules of each House. This seeks to avoid the successful imposition of a point of order against the contract authority when an appropriation containing such is considered on the floor of either House. The section recognizes the constitutional right of either House to change its rules at any time.

Section 3 declares the act shall cease to be in effect July 1, 1961. This allows a period of 4 years to test the practicability of the new procedures.

CONTRACT AUTHORITY

If the annual accrued expenditures method of making appropriations is put into effect it will be necessary to provide a means whereby departments and agencies can plan and execute long-range programs. Under the obligation system no problem is involved because the full amount of the funds required to complete these programs is appropriated at the time the original appropriation is made. Under the accrued method only that amount which will be expended for goods and services received or for such other authorized payments which may be made in a fiscal year will be appropriated. Hence, because an appropriation of funds would be made only for the first year,

departments and agencies would need authority to enter into contracts for goods and services to be delivered in future years.

The bill permits such an authorization in section 2 (a). A question was raised during the hearings as to whether or not any contract authority authorized but unused would lapse at the end of the fiscal year for which the authorization was made. The committee felt that the legislation was sufficiently flexible to enable the departments or agencies involved to be allowed to retain such contract authority for certain specific programs, if previously approved by the Congress. However, under the new method, contract authority would be reviewed annually.

Under the present rule 21 of the House, contract authority in an appropriation bill is subject to a point of order as being general legislation. H. R. 8002 provides in section 2 (b) that the inclusion in appropriation bills of the authority to enter into contracts as provided in section 2 (a) will be considered as an exercise of the rulemaking power of the House and Senate and thereby will change the rules of both Houses accordingly.

DIFFERENCE BETWEEN OBLIGATIONAL AND ACCRUED EXPENDITURES BASES

The proposed annual accrued expenditures basis may be contrasted with the present obligational system of budgeting as explained in the following statement of the Director of the Bureau of the Budget:

At the present time estimates for appropriations are presented and appropriations of funds are made to cover the goods and services to be ordered in the budget year regardless of whether such goods and services are to be received or paid for in the budget year or in subsequent years. At the time goods or services are ordered an amount is obligated or reserved in the appropriation account to pay the vendor when such goods or services are received. In long-lead-time procurement programs several years may elapse between the time of the order and the time the goods are delivered.

This practice would be changed in this way by these bills. Budget estimates would be set forth in such a way as to segregate (a) the appropriation of funds needed in the budget year to cover the goods and services to be received in that year and (b) where needed, the authority to enter into contracts and orders for goods and services to be delivered in future years. The request for appropriation of funds in a given year, therefore, would cover the goods and services to be received in that year regardless of whether they were ordered in a prior year under contract authority or in the current year under the appropriation of funds authority.

The need for contract authority in individual agencies would vary according to the type of program conducted and the operating needs of the agency. A request for contract authority will obviously be required in long-lead-time programs. Such a request may be made in addition to an accrued expenditure appropriation request for other types of programs, depending on a demonstration of the need for

advance purchasing in the light of the agency's own operations.

To illustrate this point, contract authority would certainly be a part of a budget request for procurement of aircraft. This might represent a 5-year program in which contracts must be awarded in the budget year to permit assembly and completion at various points in the 5-year period. On the other hand, an administrative agency may need some electronic equipment for program use which might require 2 years for delivery and installation. Or it might conduct a program that normally requires replacement of an order in one budget year to insure delivery early in the succeeding budget year. Both of the latter would also need advance obligating authority. While the aircraft procurement program is readily recognized as a "lead-time" program, the administrative agency examples illustrate the same important need for advance authority to cover specific items in the program.

* * * * *

A further explanation of the difference between the two systems is shown by the tabular presentation which follows. The accrued expenditures appropriations presentation, as shown in the table together with the information which would be given in the budget justification before the Appropriations Committees, is considered more useful and significant for review and control purposes than an obligation presentation. It would enable more effective control because:

(1) Annual appropriation action would be taken on both the agency proposed programs and those underway;

(2) Appropriation carryovers would be greatly reduced or eliminated and balances of contract authority would either be reviewed or expire and be reapproved each year;

(3) Congressional appropriation action would be more directly related to the budget cash surplus or deficit.

It would enable more effective review because the budget request would show:

(1) The estimated cost of what is planned to be done in the budget year as well as the total estimated cost of a project;

(2) The proposed use of resources such as inventories that the agency has on hand;

(3) The value of resources carried over for use in subsequent years;

(4) The goods and services to be received in the budget year;

(5) The obligating authority needed to contract for deliveries in subsequent years.

These kinds of information would be brought out by the financial plan for each program that would highlight past performance in relation to future plans.

In contrast, the obligation budget, illustrated here, shows only the obligation requirements needed to cover the goods and services to be ordered in the budget year in the case of annual appropriations, or in the case of no-year appropriations, the goods and services to be ordered either in the budget year or in subsequent years. It does not reflect the use of inventories or the balance of resources on hand at the beginning and end of the year. It permits the buildup of appropriation balances and provides control only on the commitment of funds.

In summary, the obligation budget highlights the ordering of goods and services for a program—the beginning of the financial process. The accrued expenditure budget brings out for review the complete financial cycle—from ordering the goods and services, through the receipt of them (which establishes the liability to disburse funds from the Treasury), to their application to the program. In doing so, it provides control on both the commitment and expenditure of funds—the latter in terms of the goods and services received.

COMPARISON OF EXISTING OBLIGATION APPROPRIATION PRESENTATION WITH PROPOSED ACCRUED EXPENDITURE APPROPRIATION PRESENTATION

PRESENT OBLIGATION BASIS

	1955 actual	1956 estimate	1957 estimate
Obligations by activities:			
1. Vessel operations.....	\$42,666,260	\$44,214,795	\$44,654,272
2. Aviation operations.....	13,953,945	15,477,086	16,844,687
3. Shore stations and aids operations.....	34,431,049	35,578,710	36,387,611
4. Repair and supply facilities.....	14,074,989	16,563,394	16,166,086
5. Training and recruiting facilities.....	7,627,524	8,134,328	8,358,518
6. Administration and operational control.....	19,378,047	20,097,810	20,178,441
7. Other military personnel expenses.....	14,534,260	14,454,701	15,842,199
8. Supporting programs.....	8,130,594	6,918,176	6,918,176
Total obligations.....	154,796,668	161,439,000	165,350,000

PROPOSED ACCRUED EXPENDITURE BASIS

	1955 actual	1956 estimate	1957 estimate
Costs by activities (A):			
1. Vessel operations.....	\$44,013,698	\$44,845,777	\$45,285,254
2. Aviation operations.....	15,231,137	17,387,949	18,405,432
3. Shore stations and aids operations.....	34,865,324	36,007,550	36,816,451
4. Repair and supply facilities.....	14,231,320	15,872,072	15,474,764
5. Training and recruiting facilities.....	7,712,243	8,389,657	8,613,857
6. Administration and operational control.....	19,593,279	20,111,102	20,191,733
7. Other military personnel expenses.....	14,707,472	14,109,372	15,496,870
8. Supporting programs.....	9,391,789	7,664,847	7,664,847
9. Adjustment of prior year costs.....	815,071		
Total costs.....	160,591,333	164,388,326	167,949,208
Relation of costs to appropriations (B): Decrease (—) in selected resources available for future application to activity costs ¹	—4,941,672	—4,197,334	—3,005,900
Total accrued expenditures (appropriation).....	155,649,661	160,190,992	164,943,308
Contract authorization (D):			
Total contract authority required.....	10,917,305	11,503,397	11,916,692
Orders and contracts issued ²	10,401,987	11,503,397	11,916,692
Unused authority lapsed.....	515,318		

¹ This line would be supported by a supplementary schedule that would show the year-end balances together with the change in balances from year to year, of stores, advances and other resources available for use in carrying out programs in succeeding years.

² This line would be supported by a supplementary schedule that would identify the subsequent years in which the goods ordered under contract authority would be delivered.

CONCLUSIONS

The committee weighed carefully the extensive evidence and testimony presented on this highly complicated proposal and reached the conclusion that the bill should be reported and authority for the new annual accrued expenditures basis of budgeting should be given the President.

The committee was not influenced by the extravagant claims that have been made for actual dollar savings that will ensue, but the committee does believe that there will be savings in an amount now undetermined. The committee was impressed primarily by the improved management tool that the bill provides and with the fact that the Congress can retain a more practical and effective control over appropriated funds by the year-to-year review which will be required. It is quite possible, and the committee is hopeful, that the billions of dollars in carryover funds will be reduced to manageable proportions. We are fully aware that contract authority will create commitments to receive goods in the future and that this has a similarity to outstanding orders under appropriations made on an obligation basis. The committee feels that the distinction is sufficient, particularly with the annual review, to warrant the adoption of the system.

The committee gave intensive study and consideration, as always, to the views of the Committee on Appropriations as contained in a joint letter from Chairman Cannon and the ranking minority member, John Taber, and as so ably presented at the hearings by Congressman Mahon, the chairman of the subcommittee. We recognize the great service they are rendering to the Congress and the country by their meticulous scrutiny and analysis of all appropriation proposals. We agree with Mr. Mahon that there is no magic in the accrued expenditures method. But the committee is convinced that the present dimensions of the Federal budget demand whatever improvements can be made in its process. We believe such a substantial improvement will be brought about to justify the passage of this legislation.

As was stated by Chairman William L. Dawson at the opening of the hearings on this bill:

There is tremendous concern at present about the size of the Federal budget with many conflicting ideas as to where and how to cut it. It is not this committee's function to enter that controversy. It is our obligation under our jurisdiction, however, to do everything possible to see that the budgeting process operates with maximum efficiency and that any defects which may cause waste or inflated estimates be corrected.

REPORT OF THE COMPTROLLER GENERAL TO THE HOUSE COMMITTEE ON
GOVERNMENT OPERATIONS ON ACCRUED EXPENDITURES APPROPRIA-
TION BILLS

B-124323, B-125294, B-126314.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington 25, February 12, 1957.

HON. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives.*

DEAR MR. CHAIRMAN: Your letters of January 18 and 28, 1957, acknowledged January 22 and 29, request reports on H. R. 2494 and H. R. 3379.

These bills, which are identical, are designed to carry out recommendations Nos. 7 and 17 of the Report on Budget and Accounting of the second Hoover Commission which provide:

"That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures, namely, charges for the cost of goods and services estimated to be received.

"That each department and agency be authorized to maintain a single account under each appropriation title or fund for controlling the amount available for the liquidation of valid obligations."

We are in complete agreement with these recommendations. While a great deal has been accomplished in the field of budgeting and accounting in the Federal Government, and provisions of Public Law 863, approved August 1, 1956 (70 Stat. 782) provide the impetus for additional improvements, we feel that it is highly desirable that appropriations be stated on an annual accrued expenditure basis in order to realize the full benefits of the Hoover Commission recommendations. As you know, this proposal was included as a part of S. 3897, 84th Congress, when it was passed by the Senate, but was deleted prior to final enactment of that bill as Public Law 863. We strongly favored its enactment as a part of that bill throughout all of its considerations in both Houses of the Congress.

The language of H. R. 2494 and H. R. 3379 is substantially identical to the language of S. 3897, 84th Congress, pertaining to this proposal, except for (1) the addition of a declaration of congressional policy; (2) the addition of the words "payments for" in lines 12 and 13, page 2; and (3) the substitution of the words "proposed appropriations" for the word "appropriations" in line 17, page 2, through line 7, page 3. While we do not believe that the addition of the words "payments for" in the sentence "Annual accrued expenditures shall relate to payments for goods and services to be received in a fiscal year, * * *" (lines 12 and 13, p. 2) was intended to change the effect of the original language, we believe it is subject to misinterpretation and may lead to confusion. As you know, the proposed appropriations determined on an annual accrued expenditure basis are intended to include, among other things, the funds required to pay for all goods and services to be received within the budget year even though payment therefore may not be made until subsequent budget years. To avoid any misinterpretation to the effect that payment has to be made within the budget year, we recommend that the words "payments for" be stricken from lines 12 and 13, page 2.

The use of the term "proposed appropriation" in lieu of the word "appropriation" would not change the effect of the language involved and we have no specific objection thereto, although the original language is contained in most all of the bills on this subject in both Houses of the Congress. The reference to section "201 (b)" in line 10, page 3, should be section "201 (c)".

We agree with this statement of congressional policy and believe that its enactment into law is desirable. It is a firm statement of the desire of the Congress that proposed appropriations be determined on an annual accrued expenditure basis. Other provisions of the proposed legislation, however, in recognition that this may not be practicable in some instances and that it may not be accomplished overnight, give the President wide flexibility in his implementation of the proposed law. We suggest that the words "presentation of" be inserted at the end of line 7, page 1, of H. R. 2494 and H. R. 3379.

The stating of appropriations on an accrued expenditure basis together with the furnishing of cost data to the Congress, as provided

by Public Law 863, would provide the best opportunity for improved correlation of programing, budgeting, and accounting. Congressional control of costs and expenditures can only be achieved by the maximum utilization of many tools. The stating of appropriations on an accrued expenditure basis can be made a very important tool for the Congress if effectively installed.

Stating appropriations of funds on this basis is a natural extension of the cost budgeting enacted in Public Law 863, 84th Congress. Under that provision of law, the agencies will submit budgets to the Congress which will show the estimated costs of a program, the inventories and other assets available for use in the performance of the program, and the amount of additional funds needed to finance that performance each year. However, since the present basis of stating proposed appropriations is in terms of obligational authority, i. e., the amount of funds which an agency considers it needs to earmark for contracts and orders covering current and future deliveries of goods, the appropriation requested for any year under the present method is not in many cases closely related to planned performance under the program during that year.

In those operations concerned primarily with salaries and travel expense the time relation between the creation of an obligation and an expenditure is relatively short. In such circumstances, resources available other than new money are ordinarily of no great significance and there is ordinarily a rather direct correlation between obligations, expenditures, and costs. These are the operations which represent the larger group in terms of numbers, but represent the less significant portion of the budget from a dollar standpoint. In the area of operations where long lead time is characteristic, such as major procurement, construction, and research and development, which represent the greater dollar portion of the budget, obligation and expenditure data have their greatest limitations for both Congress and management. We thus believe that the conversion to the use of appropriations stated on an annual accrued expenditure basis could best be applied at the outset to this latter area of operations involving long lead time.

All of the present safeguards of consideration and control of total program costs are retained under the annual accrued expenditure basis of stating appropriations. Indeed they are improved because, in addition to providing for consideration of the total estimated cost, this method of determining appropriations provides a means of direct congressional control over the yearly segments of planned performance. It provides an orderly review by the Congress of the amount of funds needed in any year in relation to the year-by-year accomplishments and their costs as compared to each year's estimated performance and estimated costs, as well as the continuing needs of the program in relation to current national and international conditions.

There are other advantages of placing appropriations on an accrued expenditure basis. The annual budget surplus or deficits is determined on the basis of expenditures. Placing appropriations on the annual accrued expenditure basis is, in our opinion, a practical approach to a direct correlation between annual appropriations and expenditures. It vests in each Congress a much greater opportunity to control the level of operations during a particular budget year and would mean the elimination of the vast carryover balances now avail-

able for expenditure at the discretion of the executive agencies. The present situation concerning available balances stems from the fact that congressional control through appropriation authorization and Budget Bureau control through apportionments are both exercised in terms of authority to obligate rather than budgeted work plans for the cost of goods and services estimated to be received.

It is inherent in the annual accrued expenditure basis of stating appropriations that congressional authority be granted for the advance planning which necessarily precedes the phase of operations covered in an annual accrued expenditure budget. In the past, this authority to create obligations in advance of appropriations has been commonly referred to as contract authorization. The authority to include requests for such contract authorizations in the budget, which is contained in the present section 201 of the Budget and Accounting Act, 1921, in view of the definition of the term "appropriation" contained in section 2 of that act, as amended, will not be abrogated by the provisions of H. R. 2494 and H. R. 3379. It is a significant fact, however, that heretofore both contract authorizations and subsequent appropriations were stated in terms of obligational authority whereas under the recommendations herein being considered only the initial authorization would be stated in terms of the broad and difficult to apply concept of obligations whereas annual appropriation of funds could be stated much more definitely in terms of accrued expenditures because of the time factor. The initial authority which may cover a forward period, sometimes as long as 5 years or more, obviously cannot be supported with detailed plans. On the other hand, as those plans take shape in succeeding years much more precise planning and authorizations are practical when stated in terms of accrued expenditures.

While contract authorizations will continue to be accounted for on an obligation basis, the primary purpose of recording such obligations will be to insure that the total amount of the contract authorization is not exceeded. Such accounting can be relatively simple and there would be no incentive for an agency to rush to obligate such contract authorization prior to the expiration of any one fiscal year.

The determination of appropriations on an annual basis in terms of estimated performance during that year, i. e., the annual accrued expenditure basis, with concurrent authority to enter into contracts to insure orderly future deliveries on long-lead-time programs, is in no way detrimental to the interests of contractors. The Government's liability to a contractor for a contract issued under this method of appropriation and subsequently canceled or terminated would be no different than the Government's liability in similar circumstances under the present method of stating appropriations in terms of obligations. The only change required would be that payments to the contractor for performance each year would be made out of the funds appropriated by the Congress each year for that purpose and not out of funds appropriated in some past year.

We do not subscribe to the view that, if contracts and orders are placed under a grant of authority to enter into such contracts, such letting of contracts creates a binding obligation for which a future Congress must appropriate funds in the amount of the outstanding contracts. If, in the considered judgment of a Congress, a program entered into by an agency should be curtailed or eliminated in the

best interests of the United States, the unperformed portion of outstanding contracts would be canceled and undoubtedly the Congress would, if necessary, appropriate funds to pay for the termination. Also, the year-by-year control of a program, inherent in the annual accrued expenditure basis of appropriations, provides the Congress with a current and continuing tool for exercising restraint over contracting on a continuing program whose costs are substantially exceeding the original estimated costs on which the program was approved, or whose performance is dragging.

We thus believe that this proposed legislation, if effectively implemented, would provide both the President and the Congress much greater control over Federal expenditures and strongly recommend its favorable consideration.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

EXCERPTS FROM THE STATEMENT OF PERCIVAL F. BRUNDAGE, DIRECTOR OF THE BUREAU OF THE BUDGET, BEFORE THE SUBCOMMITTEE ON EXECUTIVE AND LEGISLATIVE REORGANIZATION OF THE HOUSE COMMITTEE ON GOVERNMENT OPERATIONS WITH REGARD TO VARIOUS BILLS RELATING TO THE BUDGET PROCESS, MARCH 27, 1957

We believe that the flexibility given to the President is desirable. It will enable an evaluation to be made for each appropriation to determine the practicability of presenting the estimates on an annual accrued expenditure basis and the benefits that would be derived from this change in procedure.

The bills define what budget estimates for proposed appropriations on an annual accrued expenditure basis should embrace. They provide that the estimates should include the money requirements for goods and services to be received in the budget year. The language used also recognizes, as a practical matter, that the estimates shall also include the money requirements representing payments which have to be made in the budget year, such as advances, grants, and tort claims. Certain types of appropriations to which the accrued expenditure basis of stating estimates is not applicable would be excluded.

Budget estimates on the annual accrued expenditure basis would include the funds required to cover the value of the goods and services to be received in a fiscal year whether or not payments for such goods and services are actually made in the same fiscal year. At the end of each year there would usually be some unpaid bills or accounts payable which would be paid, in the subsequent year, out of the balance brought forward from the appropriation for the year in which the goods were received.

In addition to estimates for proposed appropriations on the accrued expenditure basis, as contemplated by these bills, it would be necessary to present estimates for contract authority to incur obligations in advance of appropriations so that contracts may be awarded or orders issued as necessary in the budget year to insure delivery of goods and services as needed in subsequent years.

Legislation such as is proposed in these bills would give effect to another Hoover Commission recommendation that agencies maintain

a single account under each appropriation. As of the end of each fiscal year, the balance of the accounts payable in each appropriation made on an annual accrued expenditure basis would be transferred to, and merged with, the next year's appropriation. The remaining balance would lapse unless otherwise provided in an appropriation act or other law.

As contrasted with present procedures, we can see many advantages in the practices contemplated by these bills. I would like to emphasize that a major advantage of this proposal is the improved program control that is made available to the Congress and the executive branch. Under Public Law 863, agency cost-based budget presentations will provide additional and more informative data for the purposes of the budget analysis and review.

That law will also bring about improved planning practices and the development of more effective management controls in the agencies. As long as appropriations are continued on the obligation basis, however, positive top-level control of appropriated funds so far as materiel is concerned, is in effect limited to control of the procurement plans of the agency. The use of annual accrued expenditure appropriations would place Congress and the executive branch in an improved position for establishing effective monetary controls on the scope of a program during a given fiscal year.

We also believe that appropriation requests on the accrued expenditure basis would provide a more direct relation to budget balance. Under this method the relationship between appropriations and checks issued—the basis for calculating the surplus or deficit—would be much closer than is the relationship under existing practice.

In making appropriation determinations that involve consideration of the adequacy of agency plans for receipt and application of goods and services, the Congress would play a more positive role in the Government's financial planning. Arriving at the level of appropriations on this basis, it would be in position to give more consideration to the effect of agency proposals on the annual surplus or deficit result for the Government as a whole.

The Hoover Commission in its report indicated that the Congress should restate the contract authority annually as needed. I interpret this to mean that unused contract authority at the end of each year would lapse and that requests for new authority would be made as needed each year on the basis of program requirements.

Under the proposed procedure, annual estimates of proposed appropriations and contract authority would be based on a presentation to the Appropriations Committees of the agency's financial plan for conduct of a program. For example, the long-range aircraft procurement program I previously mentioned might involve a total of \$15 billion, spread evenly over a 5-year period. In the initial budget submission the accrued expenditure appropriation request would be for \$3 billion together with a contract authority request for \$3 billion needed for forward contracting in the budget year. This would be requested as part of a plan showing the total \$15 billion cost and the contract authority and accrued expenditure requirements in each of the subsequent years of the program.

The budget submission for the second year of such a program might reflect a revised estimate of performance in the current year, showing deliveries of \$2½ billion and contracts awarded in the amount of \$3

billion. If the request for the second year follows the original plan of a \$3 billion accrued-expenditure appropriation and a similar amount of contract authority, the Appropriations Committee might feel it appropriate to cut back the accrued expenditure request on the basis of the revised estimate of current-year performance.

Thus, with this type of presentation each year, the Appropriations Committees would be able to make a more effective determination of the financing needs of the program.

This systematic annual presentation of the agency financial plan of operation, showing past performance and forward planning, is one of the benefits to be gained by use of the proposed appropriation procedure. Information of this kind may be available under present practices, but the significant point is that such data are not automatically brought to the attention of the Congress each year.

In the aircraft procurement program illustration, the initial contract authority request for the program covers only the obligations necessary to be incurred in the budget year. Depending on which course of action is most appropriate for the program involved, the initial contract authority request could cover the total cost of the program. In either case, however, the unused contract authority would lapse at the end of each year.

We are fully cognizant of the fact that a change such as that contemplated by these bills will present problems. We have heard many procedural questions raised. For example, it has been stated that an annual review of the Government's total program would result in an increased workload for both the Congress and the executive branch. We grant that some additional work may be involved. However, we feel that the benefits to be derived in the way of better control over Federal spending will be well worth this additional effort.

Another question has been raised regarding the effect of this proposal on agency-contractor relations in long lead-time programs. Since the annual basis of requests for appropriations and contract authorizations under these bills would not provide for one-time appropriation of the total cost of a program extending over several years, it has been stated that contractors would hesitate to bid on Government contracts; that prices quoted by the contractors might be higher; or that the contractor's credit would be questionable on Government jobs subject to future appropriation action.

We have already had experience in this respect under contract authority which has been used in the past. Appropriations for some of our long-lead-time programs did not provide funds for total costs of a given contract, but no unusual difficulties were encountered in arriving at mutually satisfactory contractual arrangements in carrying out these programs.

In this connection, it might be noted that the representatives of private industry on the Hcover Commission task force that made this recommendation gave no indication that this appropriation procedure would create problems for the contractor beyond those that may already exist under current practice.

The question of delays in delivery schedules has been raised. If goods are expected to be delivered in the budget year but not actually delivered until the subsequent year, from what appropriation would payment for such goods be made? The payment would have to be made from the appropriation for the year in which the goods were

received. It is conceivable in some cases that this situation might result in requesting a supplemental appropriation since the delay in the delivery was not contemplated when the budget estimates for that year were prepared.

This may involve the handling of more supplemental appropriations but only experience can determine the extent of the increase.

The converse of this previous question is also a possibility. Goods scheduled for delivery in a subsequent year may actually be delivered in the current year. In such cases, if funds are not available in the current appropriation, it would be necessary to reschedule other deliveries to keep accruals within the sum appropriated, or else to get authority in a supplemental appropriation act to transfer a portion of the following year's appropriation to cover the excess of deliveries in the current year.

In any event, an agency would have to keep accruals within the sums set in appropriation acts year by year; any excess would be a violation of the Anti-Deficiency Act and would require congressional approval in the form of an adjustment in the sum appropriated for the year in question.

Another question has been raised as to whether the accounting under the procedures contemplated by these bills would require the maintenance of two separate sets of accounts. As we see it, two sets of accounts should not be required. Instead, there should be one integrated accounting system. In this connection, it should be recognized that Public Law 863 provides for the development of accrual accounting systems that produce related control information on obligations, accrued expenditures, costs, and disbursements; and permit the use of cost-based budgets. In the final analysis, therefore, the accounting required by this procedure is already provided for in Public Law 863. Agencies are currently moving toward development of such accounting systems.

In considering these questions it should be recognized that in any major change such as this there are always problems to be resolved. However, if the conversion is undertaken on a gradual basis as the bill permits, we believe that the problems can be resolved satisfactorily.

In the conversion we would hope to work closely with the Appropriations Committees of the Congress with regard to the more precise form of estimates for proposed appropriations of funds and contract authority.

We urge that the Congress give favorable consideration to the enactment of this legislation to accomplish the objectives of these bills.

EXCERPTS FROM REPORT ON BUDGET AND ACCOUNTING, COMMISSION
ON ORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

(June 20, 1955, H. Doc. No. 192, 84th Cong., 1st sess.)

Annual accrued expenditure budget

This contemplates that agency budgets be expressed in terms of the charges for goods and services estimated to be received during the year, i. e., the "accrued expenditures." The authority granted by the Congress should be for 1-year periods and in terms of authority to make such expenditures. The term "accrued expenditures" repre-

sents the charges incurred for goods and services received and other assets acquired, whether or not payment has been made and whether or not invoices have been received. Thus, the term "accrued expenditures" is not synonymous with cash disbursements. To clarify this concept, let us consider the Government's activities as being in the following two broad categories:

* * * * * *

The application of an expenditure budget to each of these categories would be as follows:

1. *Long-lead-time programs.*—Under this proposal an agency would submit initially a properly described program showing the total funds required for its completion, projected in terms of years. The Congress, if it approved the program, would enact an annual appropriation in terms of the estimated accrued expenditures required for the year under consideration. In addition, the Congress would give the agencies contracting authority in terms of the dollar amount required for orderly forward contracting beyond the budget year. The executive branch and the Congress would review the program annually from the standpoint of costs and accomplishment, both completed and projected. The Congress, at the same time, would restate the contracting authority annually as necessary.

2. *Other programs.*—Appropriations for the remaining Government programs, where lead time is not an important factor, should also be placed upon an annual accrued expenditure basis. In these cases contracting authority beyond the budget year will not ordinarily be required. The extension of expenditure budgeting to such areas should be a relatively simple matter. It would place budget appropriations and expenditures on a uniform basis throughout the Government.

* * * * * *

The proposal for an annual accrued expenditure budget would assure annual review of past and proposed performance under long-lead-time contracts. That this is important is indicated by the statement of the Director of the Budget in October 1953 that as of July 1, 1953, "\$81 billion of unfinanced appropriations existed as a claim against current and future income or borrowing. The contracts and commitments made as a result of these appropriations became in effect c. o. d. obligations against the Government."

Recommendation No. 7.—That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures; namely, charges for the cost of goods and services estimated to be received.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 201 OF THE BUDGET AND ACCOUNTING ACT OF 1921, AS
AMENDED (31 U. S. C. 11)

TITLE II—THE BUDGET

SEC. 201 (a) The President shall transmit to Congress during the first fifteen days of each regular session, the Budget, which shall set forth his Budget message, summary data and text, and supporting detail. The Budget shall set forth in such form and detail as the President may determine—

- (1) functions and activities of the Government;
- (2) at such times as may be practicable, information on program costs and accomplishments;
- (3) any other desirable classifications of data;
- (4) a reconciliation of the summary data on expenditures with proposed appropriations;
- (5) estimated expenditures and proposed appropriations necessary in his judgment for the support of the Government for the ensuing fiscal year, except that estimated expenditures and proposed appropriations for such year for the legislative branch of the Government and the Supreme Court of the United States shall be transmitted to the President on or before October 15 of each year, and shall be included by him in the Budget without revision;
- (6) estimated receipts of the Government during the ensuing fiscal year, under (1) laws existing at the time the Budget is transmitted and also (2) under the revenue proposals, if any, contained in the Budget;
- (7) actual appropriations, expenditures, and receipts of the Government during the last completed fiscal year;
- (8) estimated expenditures and receipts, and actual or proposed appropriations of the Government during the fiscal year in progress;
- (9) balanced statements of (1) the condition of the Treasury at the end of the last completed fiscal year, (2) the estimated condition of the Treasury at the end of the fiscal year in progress, and (3) the estimated condition of the Treasury at the end of the ensuing fiscal year if the financial proposals contained in the Budget are adopted;
- (10) all essential facts regarding the bonded and other indebtedness of the Government; and
- (11) such other financial statements and data as in his opinion are necessary or desirable in order to make known in all practicable detail the financial condition of the Government.

(b) *It is the sense of the Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essential in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures. It is therefore the policy of the Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis.*

(c) *The amount of proposed appropriations referred to in sections 201 (a) and 203 of this Act shall, to the maximum extent deemed desirable and*

practicable by the President, be determined on an annual accrued expenditure basis.

"Annual accrued expenditures" shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

This subsection shall not apply to appropriations for the payment of claims certified by the Comptroller General and of judgments; appropriations for the refund of Federal taxes and of other moneys erroneously received and covered into the Treasury of the United States; appropriations for private relief; appropriations for the payment of interest on trust funds; appropriations to provide or increase revolving funds; appropriations for the payment to former members of the Armed Forces, their dependents and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty; and other appropriations or funds analogous to the foregoing.

(d) The conversion to the use of the annual accrued expenditures method for stating proposed appropriations in accordance with section 201 (c) of this Act shall be accomplished in such manner and at such times as may be determined by the President.

(e) As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless hereafter provided otherwise in an appropriation Act or other law. Any remaining balances of each such appropriation or fund shall be merged with any appropriation or fund made for the same general purpose for the ensuing fiscal year and shall constitute a single account.

[H. R. 8002, 85th Cong., 1st sess.]

A BILL To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsections:

"(b) It is the sense of the Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essential in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures. It is therefore the policy of the Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis.

"(c) The amount of proposed appropriations referred to in sections 201 (a) and 203 of this Act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis.

"Annual accrued expenditures" shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

"This subsection shall not apply to appropriations for the payment of claims certified by the Comptroller General and of judgments; appropriations for the refund of Federal taxes and of other moneys erroneously received and covered into the Treasury of the United States; appropriations for private relief; appropriations for the payment of interest on trust funds; appropriations to provide or increase revolving funds; appropriations for the payment to former members of the Armed Forces, their dependents and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obliga-

tion of the United States for which liability is fixed by treaty; and other appropriations or funds analogous to the foregoing.

“(d) The conversion to the use of the annual accrued expenditures method for stating proposed appropriations in accordance with section 201 (c) of this Act shall be accomplished in such manner and at such times as may be determined by the President.

“(e) As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless hereafter provided otherwise in an appropriation Act or other law. Any remaining balances of each such appropriation or fund shall be merged with any appropriation or fund made for the same general purpose for the ensuing fiscal year and shall constitute a single account.”

SEC. 2. (a) Whenever an appropriation bill or an amendment thereto provides for an appropriation in terms of annual accrued expenditures, or specifies that an appropriation therein is based upon annual accrued expenditures, it shall be in order to provide in such appropriation bill, or in such amendment, the authority to enter into contracts for the purposes of such appropriation in an amount in addition to the amount of such appropriation; however, where the law authorizing such appropriation specifies a maximum amount which may be appropriated, such contract authorization together with the appropriation provided for in such bill or amendment, together with accrued expenditures under any other appropriation theretofore made for such purpose, shall not exceed the total amount previously authorized by law to be appropriated for such purpose.

(b) The provisions of subsection (a) of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

SEC. 3. This Act, and the amendments made thereby shall cease to be in effect July 1, 1961.

EXTRACT FROM PRESIDENT'S BUDGET MESSAGE TO CONGRESS FOR FISCAL YEAR 1959,
DATED JANUARY 13, 1958, PAGE M55

Legislation now pending before the Congress to place Government appropriation requests on an accrued expenditure basis should be enacted, in accordance with the recommendations of the Hoover Commission. This is a businesslike approach, and it is hoped that the opposition that developed in the past will be withdrawn as a result of further study and modifications in the way the procedure as to be applied.

85TH CONGRESS	}	HOUSE OF REPRESENTATIVES	}	DOCUMENT
2d Session				No. 366

RECOMMENDATIONS RELATIVE TO OUR ENTIRE
DEFENSE ESTABLISHMENT

M E S S A G E

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

RECOMMENDATIONS RELATIVE TO OUR ENTIRE DEFENSE
ESTABLISHMENT

APRIL 3, 1958.—Referred to the Committee on Armed Services and ordered to be printed

To the Congress of the United States:

Last January I advised the Congress of two overriding tasks in present world conditions—the ensuring of our safety through strength, and the building of a genuine peace. To these ends I outlined eight major items requiring urgent action.

One was defense reorganization.

In this message I discuss the administrative and legislative changes that I consider essential to the effective direction of our entire Defense Establishment. They are not numerous. They are, however, very important. They flow from these principles:

First, separate ground, sea, and air warfare is gone forever. If ever again we should be involved in war, we will fight it in all elements, with all services, as one single concentrated effort. Peacetime preparatory and organizational activity must conform to this fact. Strategic and tactical planning must be completely unified, combat forces organized into unified commands, each equipped with the most efficient weapons systems that science can develop, singly led and prepared to fight as one, regardless of service. The accomplishment of this result is the basic function of the Secretary of Defense, advised and assisted by the Joint Chiefs of Staff and operating under the supervision of the Commander in Chief.

Additionally, Secretary of Defense authority, especially in respect to the development of new weapons, must be clear and direct, and flexible in the management of funds. Prompt decisions and elimination of wasteful activity must be primary goals.

These principles I commend to the Congress. In conformity to them I have formulated and urgently recommend certain changes in our Defense Establishment. Clearly we should preserve the traditional form and pattern of the services but should regroup and redefine certain service responsibilities. From this will flow the following significant results:

Strategic planning will be unified.

Our fighting forces will be formed into unified commands effectively organized for the attainment of national objectives.

Military command channels will be streamlined.

The Joint Chiefs of Staff will be provided professional military assistance required for efficient strategic planning and operational control.

The control and supervision of the Secretary of Defense over military research and development will be strengthened.

The Secretary of Defense will be granted needed flexibility in the management of defense funds.

The Secretary of Defense and Joint Chiefs of Staff will be given a direct voice in the appointment, assignment, and removal of officers in the top two military ranks.

The authority of the Secretary of Defense will be clarified to enable him to function as a fully effective agent of the President as Commander in Chief.

The overall efficiency of the Defense Department will be increased.

The tendency toward service rivalry and controversy, which has so deeply troubled the American people, will be sharply reduced.

In the following remarks I set forth the background and details of these legislative and administrative proposals.

* * *

In recent years a revolution has been taking place in the techniques of war. Entirely new weapons have emerged. They transcend all we have before known in destructive power, in range, in swiftness of delivery. Thermonuclear weapons, missiles, new aircraft of great speed and range, atomic ground weapons, nuclear submarines have changed the whole scale and tempo of military destructiveness. Warning times are vanishing. There can be little confidence that we would surely know of an attack before it is launched. Speeds of flight are already such as to make timely reaction difficult and interception uncertain.

The need to maintain an effective deterrent to war becomes ever more critical. In this situation, we must find more efficient and economical means of developing new devices and fitting them into our Defense Establishment. We must so revise this establishment as not only to improve our own use of such devices; additionally, we must be able to counter their use against us.

The products of modern technology are not, in many cases, readily adaptable to traditional service patterns or existing provisions of law. Thus there has tended to be confusion and controversy over the introduction of new weapons into our Armed Forces and over the current applicability of long-established service roles and missions.

Moreover, the new weapons and other defense undertakings are so costly as to heavily burden our entire economy. We must achieve the utmost military efficiency in order to generate maximum power from the resources we have available.

Confronted by such urgent needs, we cannot allow differing service viewpoints to determine the character of our defenses—either as to operational planning and control, or as to the development, production, and use of newer weapons. To sanction administrative confusion and interservice debate is, in these times, to court disaster. I cannot overemphasize my conviction that our country's security requirements must not be subordinated to outmoded or single-service concepts of war.

I

An understanding of the course over which we have come to the present will help determine the path we should follow now and in the future.

When our Republic was founded, we had a simple solution to the problem of military organization—at first, only a War Department, then soon thereafter, a Department of the Navy. The Navy's mission was war at sea. The War Department's mission was war on land.

For a century and a half this two-department organization was well suited to our needs. Recently, however, the airplane has added a third dimension to the arts of war. At first the airplane was integrated into the traditional two-department organization, and there it remained until World War II.

Right after Pearl Harbor we adjusted our organization to accord a fuller role to rapidly growing airpower. Within the War Department, the Army Air Forces were placed on equal footing with Ground and Service Forces. In the Navy, task forces built around naval aviation became the heart of the fleet. The Commanding General of the Army Air Forces became a member of the Joint Chiefs of Staff with the Army Chief of Staff and the Chief of Naval Operations.

Immediately after the war, efforts began to build a defense organization based upon the lessons of World War II. A basic theme was to provide an adequate organizational framework for airpower armed with the awesome destructive force of atomic weapons. There emerged three coequal executive departments—Army, Navy, and Air Force. But World War II experience had proved that no longer could warfare be effectively waged under separate Army, Navy, and Air Force doctrines. So, over all our forces the Congress established a Secretary of Defense.

This reorganization in 1947 was marked by lengthy debate and eventual compromise. In that battle the lessens were lost, tradition won. The three service departments were but loosely joined. The entire structure, called the National Military Establishment, was little more than a weak confederation of sovereign military units. Few powers were vested in the new Secretary of Defense. All others were reserved to three separated executive departments.

Events soon showed that this loose aggregation was unmanageable. In 1949, the National Military Establishment was replaced by an executive Department of Defense. The authority of the Secretary of Defense over his Department was made specific. He was vested with the power of decision in the operation of several interservice boards in

his Office. A Chairman was provided to preside over the Joint Chiefs of Staff. The Departments of Army, Navy, and Air Force were converted from independent executive departments to subordinate military departments. They became represented in the President's Cabinet and the National Security Council by the Secretary of Defense alone. Other changes with similar effect were made.

The unifying process moved forward again in 1953. The Secretary of Defense was given staff facilities better adapted to his heavy responsibilities. Certain boards and agencies were abolished and their duties transferred to him. Additional Assistant Secretaries of Defense were provided. The Chairman of the Joint Chiefs of Staff was authorized to manage the Joint Staff for the Joint Chiefs.

These various steps toward more effective coordination of our Armed Forces under one civilian head have been necessary, sound, and in the direction pointed by the lessons of modern warfare. Each such step, however, has prompted opponents to predict dire results. There have been allegations that our free institutions would be threatened by the influence of a military leader serving as the principal military adviser to the Defense Secretary and the Commander in Chief. There have been forecasts that one or more of the services would be abolished. As a result, the Secretary of Defense has never been freed of excessive statutory restraints. As a result of well-meaning attempts to protect traditional concepts and prerogatives, we have impaired civilian authority and denied ourselves a fully effective defense. We must cling no longer to statutory barriers that weaken executive action and civilian authority. We must free ourselves of emotional attachments to service systems of an era that is no more.

I therefore propose, for America's safety, that we now modernize our Defense Establishment and make it efficient enough and flexible enough to enable it to meet the fateful challenge of continuing revolutionary change.

II

I know well, from years of military life, the constant concern of service leaders for the adequacy of their respective programs, each of which is intended to strengthen the Nation's defense. I understand quite as well the necessity for these leaders to present honestly and forcefully to their superiors their views regarding the place of their programs in the overall national effort. But service responsibilities and activities must always be only the branches, not the central trunk of the national security tree. The present organization fails to apply this truth.

While at times human failure and misdirected zeal have been responsible for duplications, inefficiencies, and publicized disputes, the truth is that most of the service rivalries that have troubled us in recent years have been made inevitable by the laws that govern our defense organization.

Parenthetically, I may observe that these rivalries, so common in the National Capital, are almost unknown in the field. Here in Washington they usually find expression in the services; congressional and press activities which become particularly conspicuous in struggles over new weapons, funds, and publicity. It is just such rivalries, I am convinced, that America wants stopped.

Coming now to specific organizational changes, I want first to emphasize the vital necessity of complete unity in our strategic planning and basic operational direction. It is therefore mandatory that the initiative for this planning and direction rest not with the separate services but directly with the Secretary of Defense and his operational advisers, the Joint Chiefs of Staff, assisted by such staff organization as they deem necessary.

No military task is of greater importance than the development of strategic plans which relate our revolutionary new weapons and force deployments to national security objectives. Genuine unity is indispensable at this starting point. No amount of subsequent coordination can eliminate duplication or doctrinal conflicts which are intruded into the first shaping of military programs.

This unified effort is essential not only for long-range planning and decision which fix the pattern of our future forces and form the foundation of our major military programs, but also for effective command over military operations. The need for greater unity today is most acute at two points—in the Office of the Secretary of Defense, and in the major operational commands responsible for actual combat in the event of war.

Now as to the specifics of the revisions that I deem essential:

1. *We must organize our fighting forces into operational commands that are truly unified, each assigned a mission in full accord with our overall military objectives.*

This lesson, taught by World War II, I learned from firsthand experience. With rare exceptions, as I stated before, there can no longer be separate ground, sea, or air battles.

Our unified commands (by which term I also include the joint and specified commands which exist today) are the cutting edge of our military machine—the units which would do the fighting. Our entire defense organization exists to make them effective.

I intend that, subject only to exceptions personally approved by the Commander in Chief, all of our operational forces be organized into truly unified commands. Such commands will be established at my direction. They will be in the Department of Defense but separate from the military departments. Their missions and force levels will conform to national objectives.

I expect these truly unified commands to go far toward realining our operational plans, weapons systems, and force levels in such fashion as to provide maximum security at minimum cost.

Because I have often seen the evils of diluted command, I emphasize that each unified commander must have unquestioned authority over all units of his command. Forces must be assigned to the command and be removed only by central direction—by the Secretary of Defense or the Commander in Chief—and not by orders of individual military departments.

Commands of this kind we do not have today. To the extent that we are unable so to organize them under present law, to that extent we cannot fully marshal our armed strength.

We must recognize that by law our military organization still reflects the traditional concepts of separate forces for land, sea, and air operations, despite a congressional assertion in the same law favoring “their integration into an efficient team of land, naval, and air forces . . .” This separation is clearly incompatible with unified

commands whose missions and weapons systems go far beyond concepts and traditions of individual services.

Today a unified command is made up of component commands from each military department, each under a commander of that department. The commander's authority over these component commands is short of the full command required for maximum efficiency. In fact, it is prescribed that some of his command powers shall take effect only in time of emergency.

I recommend, therefore, that present law, including certain restrictions relating to combatant functions, be so amended as to remove any possible obstacles to the full unity of our commands and the full command over them by unified commanders.

This recommendation most emphatically does not contemplate repeal of laws prescribing the composition of the Army, Navy, Marine Corps, or Air Force. I have neither the intent nor the desire to merge or abolish the traditional services. This recommendation would have no such effect. But I cannot too strongly urge that our operational commands be made truly unified, efficient military instruments. Congressional cooperation is necessary to achieve that goal.

2. *We must clear command channels so that orders will proceed directly to unified commands from the Commander in Chief and Secretary of Defense.*

The number of headquarters between the Commander in Chief and the Commander of each unified command must be kept at the very minimum. Every additional level courts delay, confusion of authority, and diffusion of responsibility. When military responsibility is unclear, civilian control is uncertain.

Under existing practice the chain of command is diverted through the Secretaries and service chiefs of the military departments. The department with major responsibility for a unified command is designated by the Secretary of Defense as "executive agent" for that command. The department's Secretary functions through his chief of military service.

So today the channel of military command and direction runs from the Commander in Chief to the Secretary of Defense, then to the Secretary of an executive agent department, then to a chief of service, and then, finally, to the unified commander. In time of emergency, the Secretary of the executive agent department delegates to his service chief his authority over the strategic direction and conduct of combat operations. Thus, ultimately the chief of an individual service issues, in the name of the Secretary of Defense, orders to a unified commander.

The role of the Joint Chiefs of Staff in this process is to furnish professional advice and staff assistance to the Secretary of Defense.

I consider this chain of command cumbersome and unreliable in time of peace and not usable in time of war. Clearly, Secretaries of military departments and chiefs of individual services should not direct unified operations and therefore should be removed from the command channel. Accordingly, I have directed the Secretary of Defense to discontinue the use of military departments as executive agents for unified commands.

To facilitate this effort I ask congressional cooperation. I request repeal of any statutory authority which vests responsibilities for

military operations in any official other than the Secretary of Defense. Examples are statutory provisions which prescribe that the Air Force Chief of Staff shall command major units of the Air Force and that the Chief of Naval Operations shall command naval operating forces.

3. *We must strengthen the military staff in the Office of the Secretary of Defense in order to provide the Commander in Chief and the Secretary of Defense with the professional assistance they need for strategic planning and for operational direction of the unified commands.*

For these purposes, several improvements are needed in the duties and organization of the Joint Chiefs of Staff.

I consider the Joint Chiefs of Staff concept essentially sound, and I therefore believe that the Joint Chiefs of Staff should continue to be constituted as currently provided in law. However, in keeping with the shift I have directed in operational channels, the Joint Chiefs of Staff will in the future serve as staff assisting the Secretary of Defense in his exercise of direction over unified commands. Orders issued to the commands by the Joint Chiefs of Staff will be under the authority and in the name of the Secretary of Defense.

I think it important to have it clearly understood that the Joint Chiefs of Staff act only under the authority and in the name of the Secretary of Defense. I am, therefore, issuing instructions that their function is to advise and assist the Secretary of Defense in respect to their duties and not to perform any of their duties independently of the Secretary's direction.

Under present law, the Joint Chiefs of Staff are provided a Joint Staff of not to exceed 210 officers. It functions under a Director selected by the Joint Chiefs of Staff with the approval of the Secretary of Defense. The Joint Chiefs of Staff assign duties to the Joint Staff which is managed for them by their Chairman. This Staff is subdivided into a number of groups, each with equal representation of officers from the three military departments. In addition, there is a committee system whereby officers, representing each of the military departments, act on documents prepared by the staff groups before they are forwarded to the Joint Chiefs of Staff.

These laborious processes exist because each military department feels obliged to judge independently each work product of the Joint Staff. Had I allowed my interservice and interallied staff to be similarly organized in the theaters I commanded during World War II, the delays and resulting indecisiveness would have been unacceptable to my superiors.

With the operational channel now running from the Commander in Chief and Secretary of Defense directly to unified commanders rather than through the military departments, the Joint Staff must be further unified and strengthened in order to provide the operational and planning assistance heretofore largely furnished by staffs of the military departments.

Accordingly, I have directed the Secretary of Defense to discontinue the Joint Staff committee system and to strengthen the Joint Staff by adding an integrated operations division.

I ask the Congress to assist in this effort by raising or removing the statutory limit on the size of the Joint Staff. By authorizing the Chairman of the Joint Chiefs of Staff to assign duties to the Joint Staff and, with the approval of the Secretary of Defense, to appoint its Director, the Congress will also be helpful in increasing the efficiency of this important staff group.

I have long been aware that the Joint Chiefs' burdens are so heavy that they find it very difficult to spend adequate time on their duties as members of the Joint Chiefs of Staff. This situation is produced by their having the dual responsibilities of chiefs of the military services and members of the Joint Chiefs of Staff. The problem is not new but has not yielded to past efforts to solve it. We need to solve it now; especially in view of the new strategic planning and operational burdens I have previously mentioned.

I therefore propose that present law be changed to make it clear that each chief of a military service may delegate major portions of his service responsibilities to his vice chief. Once this change is made, the Secretary of Defense will require the chiefs to use their power of delegation to enable them to make their Joint Chiefs of Staff duties their principal duties.

I have one additional proposal respecting the Joint Chiefs of Staff. It is needed to correct misunderstanding of their procedures. Present law provides that the Chairman of the Joint Chiefs of Staff shall have no vote. The fact is, neither do the other members, because they do not act by voting. I think it is wrong so to single out the Chairman. This provision should be repealed.

4. *We must continue the three military departments as agencies within the Department of Defense to administer a wide range of functions.*

Under the new command procedures I have described, the Secretaries of the military departments will be relieved of direct responsibility for military operations. Thus, under the supervision of the Secretary of Defense, they will be better able to perform their primary functions of managing the vast administrative, training, and logistics functions of the Defense Department. The military departments will remain permanent agencies within the Department of Defense, and their Secretaries will continue to report to and be directly responsible to the Secretary of Defense. These Secretaries should concern themselves with such vital tasks as bringing greater economy and efficiency to activities which support operational commands rather than with military operations themselves.

The responsibilities of these Secretaries—each heading a department much larger than any executive department except the Department of Defense itself—are heavy indeed. In my judgment each of these Secretaries will continue to need the assistance of an Under Secretary and not less than two Assistant Secretaries. It should be possible, however, to eliminate at least one and perhaps two of the four Assistant Secretaries now authorized for each military department. The duties of these Assistant Secretaries should be left to the determination of each service Secretary rather than fixed by law.

5. *We must reorganize the research and development functions of the Department in order to make the best use of our scientific and technological resources.*

Our weapons systems 5 to 10 years hence will be the outgrowth of research and development which we conduct today. Until world tensions can be reduced by trustworthy agreements, we are unavoidably engaged in a race with potential enemies for new, more powerful military devices being developed by science and technology. In so critical a contest we must carefully balance our scientific resources between military and civilian needs. I consider it particularly important, therefore, that we improve the Defense Department's organization for military research.

Later in this message I will recommend measures to strengthen the authority of the Secretary of Defense to administer other functions of his Department. Referring at this point only to research and development, I consider it essential that the Secretary's control over organization and funds be made complete and unchallengeable. Only if this is done can he assure the most effective and economical use of the research and development resources of his Department. These processes are costly in money and skilled personnel; duplications are therefore doubly damaging.

The Secretary must have full authority to prevent unwise service competition in this critical area. He needs authority to centralize, to the extent as he deems necessary, selected research and development projects under his direct control in organizations that may be outside the military departments and to continue other activities within the military departments. I anticipate that most research activities already under way would continue within the military departments. Such new undertakings as require central direction can be centralized with far less difficulty than projects already assigned to military departments.

To give the Secretary of Defense the caliber of assistance he requires in the research area, I recommend that the new position of Director of Defense Research and Engineering be established in place of the Assistant Secretary of Defense for Research and Engineering. I believe his salary should be equal to that of the Secretaries of the military departments. He should rank immediately after the service Secretaries and above the Defense Assistant Secretaries. As the principal assistant to the Secretary of Defense for research and development, he should be known nationally as a leader in science and technology. I expect his staff, civilian and military, also to be highly qualified in science and technology.

This official will have three principal functions: First, to be the principal adviser to the Secretary of Defense on scientific and technical matters; second, to supervise all research and engineering activities in the Department of Defense, including those of the Advanced Research Projects Agency and of the Office of the Director of Guided Missiles; and, third, to direct research and engineering activities that require centralized management.

Further, it will be his responsibility to plan research and development to meet the requirements of our national military objectives instead of the more limited requirements of each of the military services. It is of transcendent importance that each of our principal military objectives has strong and clearly focussed scientific and technical support.

With the approval of the Secretary of Defense, this official will eliminate unpromising or unnecessarily duplicative programs, and release promising ones for development or production. An especially important duty will be to analyze the technical programs of the military departments to make sure that an integrated research and development program exists to cover the needs of each of the operational commands. It will be his responsibility to initiate projects to see that such gaps as may exist are filled. In addition, the Director will review assignments by the military departments to technical branches, bureaus, and laboratories to assure that the research and engineering activities of the Defense Department are efficiently managed and properly coordinated.

I would charge the Director, under the direction of the Secretary of Defense, with seeing that unnecessary delays in the decision-making process are eliminated, that lead times are shortened, and that a steady flow of funds to approved programs is assured. Only under this kind of expert, single direction can the entire research and engineering effort be substantially improved. In these various ways, he should help stop the service rivalries and self-serving publicity in this area.

6. *We must remove all doubts as to the full authority of the Secretary of Defense.*

The Secretary of Defense is accountable to the President and the Congress for efficient direction of the largest single activity in our Nation. We look to him for sound management of programs amounting to well over \$40 billion a year—programs that gravely concern the survival of our country. Yet, his authority has been circumscribed and hedged about in a number of ways which not only make the burdens of his office far heavier than they need to be, but also work against the efficient and effective direction of national security activities which all Americans—and especially the Congress—rightly expect.

The following areas in the Defense Establishment are especially in need of attention:

- (1) Appropriated funds;
- (2) The organization and distribution of functions;
- (3) Legislative liaison and public affairs activities; and
- (4) Military personnel.

I regard it as fundamental that the Secretary, as civilian head of the Department, should have greater flexibility in money matters, both among and within the military departments. I have already commented on the desirability of this authority in respect to research and development. It is desirable in other areas as well. Firmly exercised, it will go far toward stopping the services from vying with each other for congressional and public favor.

Today most of our defense funds are appropriated not to the Secretary of Defense but rather to the military departments. The Secretary of Defense and the Comptroller of the Department of Defense may place certain limitations on the use of funds by the military departments. Yet they do not have sufficient directive authority over such expenditures.

This method of providing defense funds has worked against the unity of the Department of Defense as an executive department of the Government. I strongly urge that in the future the Congress make appropriations for this Department in such fashion as to provide the Secretary of Defense adequate authority and flexibility to discharge his heavy responsibilities. This need is particularly acute in respect to his powers of strategic planning and operational direction.

I have accordingly directed, in consonance with existing statutory provisions, that the Department's budget estimates for the 1960 fiscal year and thereafter be prepared and presented in a form to accomplish these ends.

In addition to greater authority and flexibility in the administration of defense funds, the Secretary of Defense needs greater control over the distribution of functions in his Department. His authority must be freed of legal restrictions derived from premissile, prenuclear concepts of warfare. Various provisions of this kind becloud his

authority. Let us no longer give legal support so efforts to weaken the authority of the Secretary.

On this point the law itself invites controversy. On the one hand, the National Security Act gives the Secretary of Defense "direction, authority, and control" over his entire Department. Yet the same law provides that the military departments are to be "separately administered" by their respective Secretaries. This is not merely inconsistent and confusing. It is a hindrance to efficient administration. I do not question the necessity for continuing the military departments. There is clear necessity for the Secretary of Defense to decentralize the administration of the huge defense organization by relying on the military departments to carry on a host of essential functions.

The contradictory concept, however, that three military departments can be at once administered separately, yet directed by one administrator who is supposed to establish "integrated policies and procedures," has encouraged endless, fruitless argument. Such provisions unavoidably abrade the unity of the Defense Department.

An example in just one area—procurement and supply—is evidence of the kind of damage caused. In this area the "separately administered" concept, as well as the needless confusion over roles and missions, impedes such techniques for increased efficiency and economy as the single manager plan, which would provide many of the benefits of a separate service of supply without its possible disrupting effects.

I suggest that we be done with prescribing controversy by law. I recommend eliminating from the National Security Act such provisions as those prescribing separate administration of the military departments and the other needless and injurious restraints on the authority of the Secretary of Defense. I specifically call attention to the need for removing doubts concerning the Secretary's authority to transfer, reassign, abolish, or consolidate functions of the Department.

I anticipate that the Secretary of Defense and his Deputy will require, in addition to a Director of Defense Research and Engineering and various special assistants, seven Assistant Secretaries of Defense plus a General Counsel of equivalent rank. I conceive of these Assistant Secretaries as having full staff functions; that is, they are empowered to give instructions appropriate to carrying out policies approved by the Secretary of Defense, subject at all times to the right of service Secretaries to raise contested issues with the Secretary of Defense. This is the usual concept of the powers of principal staff assistants. It is essential to the work of the Assistant Secretaries of Defense.

I should add here that, with a view to reducing personnel and avoiding unnecessary interference with service activities, the Secretary of Defense will critically review the operating methods of the various staffs in the Office of the Secretary of Defense. He will also review the interdepartmental committee structure within the Department in an effort to accelerate the entire decision-making process.

Earlier I mentioned that a principal outlet for service rivalries is the public affairs and legislative liaison activity within each of the military departments. For many years I have attached the greatest importance to providing prompt and accurate information to Members of the Congress. I have the same viewpoint in respect to furnishing information to the press and the public. But surely everyone will

agree that personnel charged with such duties should not seek to advance the interest of a particular service at the expense of another, nor should they advance a service cause at the expense of overall national and defense requirements. Of this I am sure: We do not want defense dollars spent in publicity and influence campaigns in which each service claims superiority over the others and strives for increased appropriations or other congressional favors.

I have directed the Secretary of Defense to review the numbers as well as the activities of personnel of the various military departments who engage in legislative liaison and public affairs activities in the Washington area. I have requested that he act, without impeding the flow of information to the Congress and the public, to strengthen Defense Department supervision over these activities and to move such of these personnel and activities as necessary into the Office of the Secretary of Defense.

I have, in this connection, advised the Secretary of my desire that his principal assistant for legislative liaison be a civilian official. On the recommendation of the Secretary, I shall nominate a person as Assistant Secretary of Defense to perform those duties. An Assistant Secretary of Defense already holds the responsibility for public affairs activities.

Finally, I believe we can strengthen unification by two actions involving military personnel.

First, I am instituting a new personnel procedure for top-ranking officers. It is my belief that before officers are advanced beyond the two-star level, they must have demonstrated, among other qualities, the capacity for dealing objectively—without extreme service partisanship—with matters of the broadest significance to our national security. I am, therefore, instituting this new procedure: I will consider officers for nomination to these top ranks only on recommendations of the Secretary of Defense submitted to me after he has received suggestions of the Secretaries of the military departments and the advice of the Joint Chiefs of Staff. I also will base my assignments of these officers to high command, staff, and departmental positions on recommendations of the Secretary of Defense. I will, in re-assigning or removing them, follow the same procedure.

I further believe that the Secretary of Defense should be authorized to establish procedures for the transfer of officers between services, with the consent of the individual in each case. This authority is needed primarily in technical fields so that an officer especially qualified to contribute to the success of an activity of a sister service may be afforded an opportunity to do so without interrupting his service career. I would not limit this authority, however, to technical fields.

* * *

At my direction the Secretary of Defense will shortly transmit to Congress draft legislation to carry out those items I have discussed which require legislative action. I urge the Congress to consider them promptly and to cooperate fully in making these essential improvements in our Defense Establishment.

* * *

Now in conclusion let us clearly understand that through these various actions we will have moved forward in many important ways.

We will have better prepared our country to meet an emergency which could come with little warning.

We will have improved our military planning.

We will have accelerated decisionmaking processes.

We will have effectively organized our defense programs in the crucial fields of science and technology.

We will have remedied organizational defects which have encouraged harmful service rivalries.

We will have improved the overall efficiency and unity of our great Defense Establishment.

In our country, under the Constitution, effective military defense requires a partnership of the Congress and the Executive. Thus, acting in accord with our respective duties and our highest tradition, we shall achieve an efficient defense organization capable of safeguarding our freedom and serving us in our quest for an enduring peace.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *April 3, 1958.*

85TH CONGRESS	}	HOUSE OF REPRESENTATIVES	}	DOCUMENT
2d Session				No. 371

DEPARTMENT OF DEFENSE REORGANIZATION BILL OF
1958

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A DRAFT OF LEGISLATION ENTITLED "TO PROMOTE THE
NATIONAL DEFENSE BY PROVIDING FOR REORGANIZATION OF
THE DEPARTMENT OF DEFENSE, AND FOR OTHER PURPOSES"

APRIL 16, 1958.—Referred to the Committee on Armed Services and ordered to
be printed

THE WHITE HOUSE,
Washington, April 16, 1958.

The Honorable SAM RAYBURN,
Speaker of the House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER: Acting under my constitutional obligation to recommend to the consideration of the Congress such measures as I judge necessary and expedient, I transmit herewith the draft of a bill which would carry out the legislative recommendations on defense reorganization contained in my January 9 address to the Congress on the state of the Union and my special message of April 3.

I recommend that the Congress enact a measure such as that set forth in the draft bill. It is designed "To promote the national defense by providing for reorganization of the Department of Defense and for other purposes." I also transmit an analysis of the proposed bill.

I call to your attention that the draft bill contains no provisions relating to the appropriation of funds to the Department of Defense. In my message of April 3, I stated it as fundamental that the Secretary

of Defense, as the civilian head of the Department of Defense, should have greater flexibility in money matters. The current method of providing funds has worked against the unity of the Department. I have directed that the Department's budget estimates for the 1960 fiscal year be prepared and presented in a form to provide the needed flexibility. Because this requires no change in law, the problem is not dealt with in the enclosed draft bill.

In my message of April 3, I set forth the specific goals to be achieved through modernization of the Defense Establishment. I call these objectives again to the attention of the Congress. In essence, they are as follows:

First, the safety and the solvency of our Nation require prompt revision of certain aspects of the present Defense Establishment to bring it into accord with the necessities of our time.

Second, onrushing technological advances in weapons and other devices of war demand that our defense organization have a posture ready to react unerringly and instantly to sudden attack.

Third, the unprecedented costs of maintaining in peacetime a massive Defense Establishment demand the utmost economy and efficiency in all of its operations.

Our goal must be maximum strength at minimum cost.

To these ends, I have already directed certain improvements through administrative action. To carry out further improvements, legislation is needed.

With respect for our highest traditions, and a clear awareness of our respective duties, I urge that we join our efforts to achieve the effective defense we need. Let us act together that America may efficiently organize her strength to meet the demands of the future.

Sincerely,

DWIGHT D. EISENHOWER.

A BILL To promote the national defense by providing for reorganization of the Department of Defense, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Department of Defense Reorganization Act of 1958".

AMENDING THE DECLARATION OF POLICY

SEC. 2. Section 2 of the National Security Act of 1947, as amended (50 U. S. C. 401), is further amended to read as follows:

"SEC. 2. In enacting this legislation, it is the intent of Congress to provide a comprehensive program for the future security of the United States; to provide for the establishment of integrated policies and procedures for the departments, agencies, and functions of the Government relating to the national security; to provide a Department of Defense, under the direction, authority, and control of the Secretary of Defense, to include as military departments the Department of the Army, the Department of the Navy (including naval aviation and the Marine Corps), and the Department of the Air Force; to provide for the unified direction of the three military departments under the civilian control of the Secretary of Defense but not to merge them; and to provide for effective strategic planning

and for unified direction of the armed forces through an efficient command structure but not to establish a single Chief of Staff over the armed forces nor an armed forces general staff (but this is not to be interpreted as applying to the Joint Chiefs of Staff or Joint Staff)."

STRENGTHENING THE DIRECTION, AUTHORITY, AND CONTROL OF THE
SECRETARY OF DEFENSE

SEC. 3. (a) Section 202 (c) of the National Security Act of 1947, as amended (5 U. S. C. 171a (c)), is further amended as follows:

(1) Paragraphs (1), (2), and (3) are repealed.

(2) A new paragraph (1) is inserted to read as follows:

"(1) Notwithstanding any other provision of law, the Secretary of Defense shall, with the approval of the President, establish unified or specified commands, and shall assign forces of the Department of the Army, Department of the Navy, and Department of the Air Force to such commands. Such commands are directly responsible to the President and to the Secretary of Defense for such missions as may be assigned to them by the Secretary of Defense, with the approval of the President. All forces not so assigned remain for all purposes in their respective departments. Under the direction of the Secretary of Defense, the military departments are responsible for the support of the forces assigned from their respective departments to such commands except as otherwise directed by the Secretary of Defense."

(3) Paragraph (4) is renumbered as paragraph "(2)" and amended to read as follows:

"(2) The Department of the Army, the Department of the Navy, and the Department of the Air Force are administered by their respective Secretaries under the direction, authority, and control of the Secretary of Defense."

(4) Paragraph (5) is renumbered as paragraph "(3)" and amended to read as follows:

"(3) Within the policy enunciated in section 2, the Secretary of Defense shall take appropriate steps (including the transfer, reassignment, abolition, or consolidation of functions) to provide in the Department of Defense for more effective, efficient, and economical administration and operations, and to eliminate duplication. However, no function which has been or is hereafter authorized by law to be performed by the Department of Defense, or any officer or agency thereof, shall be substantially transferred, reassigned, abolished, or consolidated until thirty days after a report in regard to all pertinent details shall have been made by the Secretary of Defense to the Committees on Armed Services of the Congress."

(5) Paragraph (6) is repealed.

(b) Section 202 (d) of the National Security Act of 1947, as amended (5 U. S. C. 171a (d)), is further amended to read as follows:

"(d) The Secretary of Defense shall prepare an annual report to the President for transmittal to the Congress on the operations of the Department of Defense and the agencies thereof."

(c) Section 2201 of title 10, United States Code, is repealed and the analysis of chapter 131 of title 10 is amended by striking out the following item:

"2201. General functions of Secretary of Defense."

(d) Section 2351 of title 10, United States Code, is repealed and the analysis of chapter 139 of title 10 is amended by striking out the following item:

"2351. Policy, plans, and coordination."

(e) Section 2302 (1) of title 10, United States Code, is amended by inserting the words "the Secretary of Defense, the Deputy Secretary of Defense, or the Director of Defense Research and Engineering," after the word "means".

(f) Section 2303 (a) is amended by renumbering clauses (1), (2), (3), (4), and (5) as clauses "(2)", "(3)", "(4)", "(5)", and "(6)", respectively, and inserting the following new clause (1):

"(1) The Department of Defense."

CLARIFYING THE CHAIN OF COMMAND OVER MILITARY OPERATIONS

SEC. 4. (a) Section 3034 (d) (4) of title 10, United States Code, is amended to read as follows:

"(4) exercise command or supervision over such of the members and organizations of the Army as the Secretary of the Army determines, other than the members and organizations of the forces of the Army assigned by the Secretary of Defense to unified or specified commands under section 171a (c) of title 5;"

(b) Section 5081 (c) of title 10, United States Code, is amended to read as follows:

"(c) Under the direction of the Secretary of the Navy, the Chief of Naval Operations shall exercise command or supervision over such of the forces of the Navy and the Marine Corps as the Secretary of the Navy determines, other than the forces assigned by the Secretary of Defense to unified or specified commands under section 171a (c) of title 5."

(c) Section 5201 of title 10, United States Code, is amended by adding at the end thereof a new subsection (d) to read as follows:

"(d) Under the direction of the Secretary of the Navy, the Commandant of the Marine Corps shall exercise command or supervision over such of the forces of the Marine Corps as the Secretary of the Navy determines, other than the forces assigned by the Secretary of Defense to unified or specified commands under section 171a (c) of title 5."

(d) Clause (5) of section 8034 (d) of title 10, United States Code, is renumbered "(4)" and amended to read as follows:

"(4) exercise command or supervision over such of the members and organizations of the Air Force as the Secretary of the Air Force determines, other than the members and organizations of the forces of the Air Force assigned by the Secretary of Defense to unified or specified commands under section 171a (c) of title 5;"

(e) Section 8034 (d) is amended by striking out clause (4) and by renumbering clauses (6) and (7) as clauses "(5)" and "(6)", respectively.

(f) (1) Section 8074 (a) of title 10, United States Code, is amended to read as follows:

“(a) The Air Force shall be divided into such organizations as the Secretary of the Air Force may prescribe.”

(2) Subsections (b) and (c) of section 8074 of title 10, United States Code, are repealed, and subsection (d) is redesignated as subsection “(b)”.

(g) Section 3032 (b) (1) of title 10, United States Code, is amended to read as follows:

“(1) prepare for such employment of the Army, and for such recruiting, organizing, supplying, equipping, training, serving, mobilizing, and demobilizing of the Army, as will assist in the execution of any power, duty, or function of the Secretary or the Chief of Staff;”

(h) Section 8032 (b) (1) of title 10, United States Code, is amended to read as follows:

“(1) prepare for such employment of the Air Force, and for recruiting, organizing, supplying, equipping, training, serving, mobilizing, and demobilizing of the Air Force as, will assist in the execution of any power, duty, or function of the Secretary or the Chief of Staff;”

CLARIFYING THE ORGANIZATION AND DUTIES OF THE JOINT STAFF

SEC. 5. Section 143 of title 10, United States Code, is amended to read as follows:

“§ 143. Joint Staff

“(a) There is under the Chairman of the Joint Chiefs of Staff a Joint Staff selected by the Joint Chiefs of Staff with the approval of the Chairman. The Joint Staff shall be selected in approximately equal numbers from—

“(1) the Army;

“(2) the Navy and the Marine Corps; and

“(3) the Air Force.

The tenure of the members of the Joint Staff is subject to the approval of the Chairman of the Joint Chiefs of Staff and, except in time of war, no such tour of duty may be more than three years. However, the Secretary of Defense may extend a member's tour of duty for a further period of not more than one year, if the Secretary makes a special finding that the extension of that tour of duty is necessary in the public interest.

“(b) The Chairman of the Joint Chiefs of Staff, with the approval of the Secretary of Defense, shall select the Director of the Joint Staff. The tenure of the Director is subject to the Secretary's approval and, except in time of war, no such tour of duty may be more than three years. The Director must be an officer junior in grade to each member of the Joint Chiefs of Staff.

“(c) The Joint Staff and its Director operate under the management of the Chairman of the Joint Chiefs of Staff. The Joint Staff, under its Director, shall perform such duties as the Chairman of the Joint Chiefs of Staff, or the Joint Chiefs of Staff, may direct.”

AUTHORIZING THE DELEGATION OF DUTIES BY THE MILITARY
SERVICE CHIEFS

SEC. 6. (a) Section 3035 of title 10, United States Code, is amended by adding at the end thereof a new subsection (c) to read as follows:

“(c) The Vice Chief of Staff has such authority, responsibility, and duties with respect to the Department of the Army as the Chief of Staff, with the approval of the Secretary of the Army, may delegate to or prescribe for him. Orders issued by the Vice Chief of Staff in performing such duties have the same effect as those issued by the Chief of Staff.”

(b) Section 5085 (b) of title 10, United States Code, is amended to read as follows:

“(b) The Vice Chief of Naval Operations has such authority, responsibility, and duties with respect to the Department of the Navy as the Chief of Naval Operations, with the approval of the Secretary of the Navy, may delegate to or prescribe for him. Orders issued by the Vice Chief of Naval Operations in performing such duties have the same effect as those issued by the Chief of Naval Operations.”

(c) Section 5202 of title 10, United States Code, is amended by adding at the end thereof a new subsection (c) to read as follows:

“(c) The Assistant Commandant has such authority, responsibility, and duties with respect to the Marine Corps as the Commandant, with the approval of the Secretary of the Navy, may delegate to or prescribe for him. Orders issued by the Assistant Commandant in performing such duties have the same effect as those issued by the Commandant.”

(d) Section 8035 of title 10, United States Code, is amended by adding at the end thereof a new subsection (d) to read as follows:

“(d) The Vice Chief of Staff has such authority, responsibility, and duties with respect to the Department of the Air Force as the Chief of Staff, with the approval of the Secretary of the Air Force, may delegate to or prescribe for him. Orders issued by the Vice Chief of Staff in performing such duties have the same effect as those issued by the Chief of Staff.”

CLARIFYING THE ROLE OF THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF

SEC. 7. Section 141 (a) (1) of title 10, United States Code, is amended by striking out the words “, who has no vote”.

REDUCING THE NUMBER OF ASSISTANT SECRETARIES OF MILITARY
DEPARTMENTS

SEC. 8. (a) Section 3013 (a) of title 10, United States Code is amended to read as follows:

“(a) There are an Under Secretary of the Army and three Assistant Secretaries of the Army in the Department of the Army. They shall be appointed from civilian life by the President, by and with the advice and consent of the Senate.”

(b) (1) Section 5034 of title 10, United States Code, is amended to read as follows:

“§ 5034. Assistant Secretaries of the Navy: appointment; duties

“(a) There are three Assistant Secretaries of the Navy in the Department of the Navy. They shall be appointed from civilian life by the President, by and with the advice and consent of the Senate.

“(b) The Assistant Secretaries shall perform such duties as the Secretary of the Navy prescribes.”

(2) Section 5035 of title 10, United States Code, is repealed.

(3) The analysis of chapter 505 of title 10, United States Code, is amended by striking out the following items:

“5034. Assistant Secretaries of the Navy: appointment; duties; compensation.

“5035. Assistant Secretary of the Navy for Air: appointment; duties; compensation.”

and by inserting the following item in place thereof:

“5034. Assistant Secretaries of the Navy: appointment; duties.”

(c) Section 8013 (a) of title 10, United States Code, is amended to read as follows:

“(a) There are an Under Secretary of the Air Force and three Assistant Secretaries of the Air Force in the Department of the Air Force. They shall be appointed from civilian life by the President, by and with the advice and consent of the Senate.”

**PROVIDING FOR THE ADMINISTRATION OF RESEARCH AND DEVELOPMENT
IN THE DEPARTMENT OF DEFENSE**

SEC. 9. (a) Section 202 of the National Security Act of 1947, as amended (5 U. S. C. 171a), is further amended by adding the following new subsection at the end thereof:

“(j) Notwithstanding any other provision of law, the Secretary of Defense may perform, or may from time to time authorize any other officer, agency, or employee of the Department of Defense to perform, any function with respect to research and development authorized by law to be performed by any officer, agency, or employee of the Department of Defense.”

(b) Section 203 of the National Security Act of 1947, as amended (5 U. S. C. 171c), is further amended by inserting after subsection (a) a new subsection (b) to read as follows:

“(b) There shall be a Director of Defense Research and Engineering, who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate. The Director performs such duties with respect to research and engineering as the Secretary of Defense may prescribe, including, but not limited to, the following: (i) to be the principal adviser to the Secretary of Defense on scientific and technical matters; (ii) to supervise all research and engineering activities in the Department of Defense; and, (iii) to direct research and engineering activities that the Secretary of Defense deems to require centralized management. The compensation of the Director is that prescribed by law for the Secretaries of the military departments.”

(c) Subsections (b) and (c) of section 203 of the National Security Act of 1947, as amended (5 U. S. C. 171c), are redesignated as subsections “(c)” and “(d)”, respectively.

(d) Section 171 (a) of title 10, United States Code, is amended by renumbering clauses (6), (7), (8), and (9) as clauses “(7)”, “(8)”, “(9)”,

and “(10)”, respectively, and inserting the following new clause (6) after clause (5):

“(6) the Director of Defense Research and Engineering;”

REDUCING THE NUMBER OF ASSISTANT SECRETARIES OF DEFENSE

SEC. 10. (a) Subsection (c) of section 203 of the National Security Act of 1947, as amended (5 U. S. C. 171c), as redesignated by section 9 (c) of this Act, is amended as follows:

(1) By striking out the word “three” and inserting the word “seven” in place thereof.

(2) By striking out the word “and” after the word “Navy,”.

(3) By inserting the words “, and the Director of Defense Research and Engineering” after the words “Air Force.”

(b) Section 3 of Reorganization Plan No. 6 of 1953 (67 Stat. 638) is repealed.

AUTHORIZING THE TRANSFER OF OFFICERS BETWEEN THE ARMED FORCES

SEC. 11. Chapter 41 of title 10, United States Code, is amended as follows:

(1) By adding the following new item at the end of the analysis:

“716. Commissioned officers: transfers between Army, Navy, Air Force, and Marine Corps.”

(2) By adding the following new section at the end:

“§ 716. Commissioned officers: transfers between Army, Navy, Air Force, and Marine Corps

“Notwithstanding any other provision of law, the President may, within authorized strengths, transfer any commissioned officer with his consent from the Army, Navy, Air Force, or Marine Corps to, and appoint him in, any other of those armed forces. The Secretary of Defense shall establish, by regulations approved by the President, policies and procedures for such transfers and appointments.”

SECTIONAL ANALYSIS OF THE BILL TO PROMOTE THE NATIONAL DEFENSE BY PROVIDING FOR REORGANIZATION OF THE DEPARTMENT OF DEFENSE, AND FOR OTHER PURPOSES

Section 1 provides the short title: “Department of Defense Reorganization Act of 1958”.

Section 2 rewrites the declaration of policy of the National Security Act of 1947, as amended, to conform to organizational changes effected by the draft bill. It recognizes the existence of the Department of Defense to include the Departments of the Army, Navy, and Air Force. It eliminates reference to “separately administered” military departments under the “authoritative coordination” of the Secretary of Defense. Reference to assigned combat and service components is deleted. However, the safeguards that the departments will not be merged and that a single Chief of Staff for the armed forces will not be established are retained.

Section 3 is designed to implement certain proposals contained in the President’s message to the Congress of April 3, 1958. This section deals with authorities of the Secretary of Defense.

(a) *Section (a)* amends section 202 (c) of the National Security Act of 1947, as amended:

Clause (1) repeals paragraphs (1), (2), and (3), thereby eliminating restrictions on the authority of the Secretary of Defense regarding the transfer, reassignment, abolition, or consolidation of combatant functions assigned to the military services by law. Those paragraphs prohibit modification of combatant functions directly, by the transfer of personnel, or the expenditure of funds.

Clause (2) sets forth a new paragraph (1) designed to provide for the organization of unified or specified commands. The Secretary of Defense is directed to establish such commands, with the approval of the President, and to assign Forces of the Departments of the Army, Navy, and Air Force to them. The commands are directly responsible to the President and the Secretary of Defense. Missions are assigned to them by the Secretary of Defense, with the President's approval. Forces not assigned to commands remain in their respective military departments. Under the direction of the Secretary of Defense, the military departments are responsible for supporting their respective forces in the commands except as otherwise directed by the Secretary of Defense. By general usage, a unified command is one composed of forces from more than one military department; a specified command is one composed of forces from only one military department.

Clause (3) amends paragraph (4) to remove the word "separately" in stating that the military departments are administered by their respective Secretaries under the direction, authority, and control of the Secretary of Defense. The paragraph is renumbered "(2)".

Clause (4) amends paragraph (5) and rennumbers it "(3)". As amended, it authorizes the Secretary of Defense to take appropriate steps to provide in the Department of Defense for more effective, efficient, and economical administration and operations, and to eliminate duplication. His steps may include the transfer, reassignment, abolition, or consolidation of functions. All steps must be within the policy enunciated in section 2, dealing with the declaration of policy. Thus, for example, he could not merge the military departments, remove naval aviation or the Marine Corps from the Navy Department, or establish a single Chief of Staff over the Armed Forces, etc. Moreover, it is provided that no substantial transfer, reassignment, abolition, or consolidation of statutory functions can be effected until 30 days after a report in regard to all pertinent details thereon shall have been filed by the Secretary with the Committees on Armed Services of the Congress.

Clause (5) repeals paragraph (6). That paragraph states that no provision of the National Security Act shall be so construed as to prevent a Secretary of a military department or a member of the Joint Chiefs of Staff from presenting to the Congress, on his own initiative, after first so informing

the Secretary of Defense, any recommendation relating to the Department of Defense that he may deem proper.

(b) *Section (b)* amends section 202 (d) of the National Security Act of 1947, as amended, to change from semiannual to annual the report of the Secretary of Defense to the Congress.

(c) *Section (c)* and *section (d)* repeal sections 2201 and 2351 of title 10, United States Code, to eliminate recitations of vague responsibilities for coordination and planning originally prescribed for the statutory Research and Development Board and the Munitions Board in the National Security Act of 1947. Reorganization Plan No. 6 of 1953 abolished the Boards and transferred their functions to the Secretary of Defense.

(d) *Section (e)* and *section (f)* amend sections 2302 and 2303 (a) of title 10, United States Code, to make clear that the Secretary of Defense, the Deputy Secretary of Defense, and the Director of Defense Research and Engineering are governed by the procedural requirements of chapter 137 of title 10 in relation to such procurements as they are authorized to perform.

Section 4 is designed to carry out the President's recommendation to clear the command channels in the Department of Defense. It amends title 10, United States Code:

(a) *Sections (a), (b), (c), (d), and (e)* amend sections 3034 (d) (4), section 5081 (c), section 5201, and section 8034 (d) (5) to provide that the Chief of Staff of the Army, the Chief of Naval Operations, the Commandant of the Marine Corps, and the Chief of Staff of the Air Force shall each exercise command or supervision over such members and organizations of his armed force as his Secretary determines, other than the members and organizations of the forces assigned by the Secretary of Defense to unified or specified commands. Section 8034 (d) (4) is repealed and paragraphs (5), (6), and (7) of that section are renumbered "(4)", "(5)", and "(6)".

(b) *Section (f)* rewrites section 8074 (a) to state that the Air Force shall be divided into such organizations as may be prescribed by the Secretary of the Air Force. Subsections (b) and (c) of section 8074 are repealed, thus ending statutory prescription of the internal command structure in the Air Force. Subsection (d) is redesignated "(b)".

(c) *Section (g) and section (h)* amend sections 3032 (b) (1) and 8032 (b) (1) relating to the duties of the Army Staff and the Air Staff to remove independent statutory authorities to prepare plans for the national security. Such planning would henceforth be performed by the Joint Chiefs of Staff using the support of the Joint Staff.

Section 5 relates to the organization and duties of the Joint Staff. It amends section 143 of title 10, United States Code:

(a) *Section (a)* removes the numbers limitation (210) on the Joint Staff. The tenure of members of the Joint Staff is limited to 3 years except in time of war. However, the Secretary may extend the tour of duty of a member for a further period of not more than 1 year upon a special finding that such an extension is in the public interest.

(b) *Section (b)* authorizes the Chairman of the Joint Chiefs of Staff, with the approval of the Secretary of Defense, to select the

Director of the Joint Staff. The Director's tenure is limited to 3 years except in time of war.

(c) *Section (c)* provides that the Joint Staff and its Director shall operate under the management of the Chairman of the Joint Chiefs of Staff and permits him to assign duties to the Joint Staff in addition to those assigned by the Joint Chiefs of Staff.

Section 6 authorizes the performance by the Vice Chiefs of the military services of departmental authority, responsibility, and duties delegated to them by their Chiefs with the approval of the Secretaries of the military departments. It is intended to provide free time to the Chiefs for their duties as members of the Joint Chiefs of Staff. The following sections of title 10, United States Code, are amended:

Section (a)—3035, Vice Chief of Staff of the Army.

Section (b)—5085, Vice Chief of Naval Operations.

Section (c)—5202, Assistant Commandant of the Marine Corps.

Section (d)—8035, Vice Chief of Staff of the Air Force.

Section 7 amends section 141 (a) (1) of title 10, United States Code, by striking out the words "who has no vote" after the "Chairman", since, as the President stated in his message, the Joint Chiefs of Staff do not operate by vote.

Section 8 reduces the number of Assistant Secretaries of military departments from 4 each to 3 each, and eliminates statutory duty assignments. It amends title 10, United States Code:

Section (a)—Amending section 3013 (a)—Army.

Section (b)—Amending section 5034—Navy; and repealing section 5035 (Assistant Secretary of the Navy for Air).

Section (c)—Amending section 8013 (a)—Air Force.

Section 9 provides for the administration of research and development in the Department of Defense.

(a) *Section (a)* adds a new subsection (j) to section 202 of the National Security Act of 1947, as amended. That section authorizes the Secretary of Defense to perform, or from time to time authorize any other officer, agency, or employee of the Department to perform, any research and development functions authorized by law to be performed by any officer, agency, or employee of the Department.

(b) *Section (b)* amends section 203 of the National Security Act of 1947, as amended, to create the position of Director of Defense Research and Engineering to be appointed from civilian life by the President with Senate confirmation. He would perform research and engineering duties prescribed by the Secretary of Defense, including, but not limited to, (i) to be the principal adviser to the Secretary of Defense on scientific and technical matters; (ii) to supervise all research and engineering activities in the Department of Defense; and (iii) to direct research and engineering activities that the Secretary of Defense deems to require centralized management. He would be paid at the rate of compensation of the Secretaries of the military departments.

(c) *Section (c)* redesignates subsections (b) and (c) of section 203 of the National Security Act of 1947, as amended, to be subsections "(c)" and "(d)," respectively.

(d) *Section (d)* makes the Director of Defense Research and Engineering a member of the Armed Forces Policy Council under the provision of section 171 (a) of title 10, United States Code.

Section 10 would reduce the number of Assistant Secretaries of Defense.

(a) *Section (a)* and *section (b)* reduce the present number of *nine* Assistant Secretaries of Defense to *seven*. Currently, 3 are authorized by section 203 of the National Security Act and 6 by section 3 of Reorganization Plan No. 6 of 1953. Section (a) changes the "three" to "seven," and section (b) repeals section 3 of the reorganization plan.

(b) *Section (a)* also gives precedence to the Director of Defense Research and Engineering next after the Secretaries of the military departments.

Section 11 amends chapter 41 of title 10, United States Code, by adding a new section 716 to permit the President to transfer between the Armed Forces any commissioned officer with his consent. The Secretary of Defense shall establish, by regulations approved by the President, policies and procedures for such transfers and appointments.

ADMINISTRATION PLAN TO IMPROVE
CONGRESSIONAL CONTROL OF
THE BUDGET

REPORT

TO THE

COMMITTEE ON APPROPRIATIONS

BY MR. MAHON

FROM THE

TEMPORARY SUBCOMMITTEE IN CHARGE

EIGHTY-FIFTH CONGRESS

FIRST SESSION



MARCH 21, 1957

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON APPROPRIATIONS,
Washington, D. C., March 21, 1957.

HON. CLARENCE CANNON,
*Chairman, Committee on Appropriations,
House of Representatives, Washington, D. C.*

DEAR MR. CHAIRMAN: Pursuant to its assignment, the Temporary Subcommittee appointed for the purpose has carefully studied the plan suggested by the executive branch to improve congressional control of the budget. The plan was given some consideration when first advanced in 1955 but circumstances precluded completion of consideration and report thereon at the time.

We have gone into the details of the plan with the Secretary of the Treasury, through whom it was advanced, and the Director of the Budget. For reasons fully set forth in this report, we conclude that the plan as proposed is burdened with disadvantages and defects such as to render it impracticable and unworkable, and therefore would suggest the Committee on Appropriations take no further action on it.

Incidental to the plan submitted, mention was made of the so-called accrued-expenditure basis of stating appropriations in lieu of the present obligation basis. This proposal was included in legislation last year but failed of adoption at the insistence of the House. It is again under consideration in the Congress. The matter was pursued at some length in the hearings and, because of its important relationship to the business of the Committee on Appropriations, this report discusses its nature and dimensions and offers the view that the change should not be imposed on the appropriations process.

Concerning generally the question of control of spending, we also call attention to the extent to which the annual appropriation bills fail to afford the Congress full opportunity for effective exercise of its will on the broad dimensions of Government spending.

Respectfully,

GEORGE H. MAHON,
Chairman, Temporary Subcommittee.

ADMINISTRATION PLAN TO IMPROVE CONGRESSIONAL CONTROL OF THE BUDGET

INTRODUCTION

In June 1955, the Secretary of the Treasury submitted to the chairman of the Committee on Appropriations a plan to change appropriating procedures with view to improving congressional control of Federal spending and balancing the budget. On June 21, 1955, the chairman appointed a Temporary Subcommittee to study the plan. The subcommittee held hearings with Secretary Humphrey and Budget Director Brundage on July 13. Circumstances precluded completion of consideration and report thereon at the time.

The Temporary Subcommittee was reappointed to further study the proposition. It was deemed unnecessary to hold further hearings. The earlier hearings have been printed and released. They include on pages 1-10 a complete reproduction of the plan advanced by the executive branch to change congressional procedures for processing the budget.

SUMMARY OF EXECUTIVE BRANCH PLAN

The underlying premise of the plan advanced by the executive branch is expressed in the outline in the following language:

Congress has been seeking a way to improve its control of Federal expenditures. It has tried, unsuccessfully, (a) the utilization of a joint committee to consider the President's budget; (b) the fixing of an annual ceiling on expenditures; and (c) the adoption of an omnibus appropriation bill.

Two difficulties in dealing with congressional control of spending are stated in the plan to be—

1. The present piecemeal method of handling appropriation bills.

2. The span of time which elapses between the voting of appropriations and the actual disbursements of funds.

The plan suggests changes in congressional procedures dealing only with the method of handling appropriation bills. It does not deal with the second item, namely, the span of time between making of appropriations and the actual expenditure thereof. This latter item is a reference to the so-called annual accrued expenditure basis of stating appropriations which was the subject of extended legislative consideration last year and, because of failure of adoption, is again under study by the legislative committees. Because of its far-reaching effects on the work of the Committee on Appropriations and the appropriations process generally, our subcommittee examined into this question extensively.

The principal features of the plan are—

1. Appropriation and revenue bills would be handled piecemeal in committee and on the floor as at present.

2. Each bill reported from committee would be accompanied by up-to-date tabulations in the nature of a running scorecard, showing the *current* budget outlook and the effect of the accompanying bill on budget results.

3. Individual appropriation bills, upon signature by Presiding Officers of the two Houses, would be laid on the shelf for presentation to the President en bloc immediately upon final clearance of the last appropriation bill.

4. Thereupon, a final tabulation would be made showing the effect upon the budget of all appropriation and revenue bills.

5. Congress would adopt a rule providing for completion of action on all individual appropriation and revenue bills by June 1.

6. Not later than early June, an "Amendatory Appropriation Bill" would be prepared by the Committee on Appropriations of the House and submitted for consideration as for any other bill. This bill would specify the deductions, if any, to be made from appropriations in the individual bills. The individual bills, however, would not themselves be changed. It is the plan that the two Houses would have 30 days in which to formulate and dispose of the amendatory bill.

ANALYSIS OF THE PROPOSED PLAN

Implicit in the plan is recognition that the present piecemeal approach to appropriating for support of the Government has certain defects. The plan therefore seeks to accomplish the objectives of a "single package" plan without actual consolidation in a single bill. The outline states:

The procedure would accomplish the objectives of the Consolidated Appropriation Bill but at the same time would overcome the objections to such a bill. One of the principal features of the procedure is that accompanying each appropriation or revenue bill would be an up-to-date statement showing the current budget outlook and the effect of each appropriation bill on budget results. This would assist Members of Congress in determining the possible effect of a pending bill on budget results before they cast their votes on the bill.

Neither the formal plan nor supporting testimony of its advocates identify the "objections" to the once-tried "single package" bill for which the plan is offered as a substitute.

It is the considered view of the subcommittee that the plan as outlined is fraught with defects and disadvantages such as to render it impracticable. As a package, it will not work. The running scorecard type of information, if its development and availability could be dovetailed with reporting-time schedules, would be interesting and informative, but otherwise nothing more than refinement of basic information readily at hand under present processes. It is not a panacea; it appears to be merely a procedural attachment to a far more basic proposition.

AMENDATORY APPROPRIATION BILL

The proposed Amendatory Appropriation Bill is the heart of the plan. Any real results under the plan rest entirely on it. All other features of the plan are essentially ancillary. The description of the amendatory-bill procedure, while quite brief, displays some lack of understanding of the facts inherent in legislative procedures. As aforementioned, the several appropriation and revenue bills would be handled piecemeal exactly as at present except for inclusion (presumably in the accompanying report or general debate) of a running scoresheet on the then current budget outlook and effect of the pending bill on budget results.

The President submits the budget in January of each year. It is the basic working document—the starting point of consideration—of the Committee on Appropriations. It contains the appropriations and other obligating authority requested. It reflects estimates of expenditures, estimates of revenue, and the resultant budget surplus or deficit. It clearly shows, in great detail, the trend of appropriations, spending, and revenues proposed by the President. All this information, and the propositions from which it derives, are before the Congress and the country. Throughout consideration of individual bills under present procedures, the complete picture is before the committees and the Congress. If the budget proposes increased appropriations, increased spending, or continuation of prevailing tax rates, everybody knows it. If a deficit is budgeted, that fact is known from the outset. Moreover, as each bill is processed, simple arithmetic reveals currently how much is being cut from the obligational requests of the President. The Congress acts on each bill in light of all these facts. So it is wholly unrealistic to presume that mere injection of up-to-date scorecards on the current budget outlook along lines suggested would impart to legislative deliberations any information which reasonably could be expected to influence the ultimate outcome. And it is equally unrealistic to suggest that, after weeks and months of consideration and action by the committees and the two Houses, the membership would be inclined to follow a formal prescribed course calling for covering much of the same ground twice with the apparent objective, according to the plan, of laying out a set of reductions sufficient, as a minimum, to come within available revenues if this has not previously been accomplished in the several bills. The basic fallacy of this suggestion is that, generally speaking, the form of the die will have already been cast.

To formalize into the law and the rules a specific, continuing procedure under which the Congress, by the very nature of the mechanics prescribed, undertakes to commit the legislative branch to a concentrated budget-balancing and retrenchment effort year after year might, it would seem, tend to promote fiscal irresponsibility in the executive branch. There might well be a growth of the seeming tendency to let more spending proposals come forward in the budget when, with wide discretion and power in his own hands, the President is in position to withhold appropriation requests, reduce expenditures, and make a balanced budget. The budget is by law his budget, his responsibility. And the Director of the Budget, who reports directly to the President, has statutory authority to reduce the requests of the departments. The Congress has no authority to spend money appro-

priated for the executive branch; spending jurisdiction reposes exclusively in the executive branch. Spending proposals, once they see the light of day in form of budget estimate, attract support and are more difficult to deny or hold down. Suppression at the source is the beginning point.

The purpose or intent here is not to suggest that under current processing procedures the budget requests should never be reconsidered after disposition of one or all the individual bills. To contend otherwise would be wholly incompatible with realities. A number of circumstances, wholly unforeseeable or insusceptible of being dealt with at a given time, may call for additional considerations and action not previously deemed necessary or appropriate. The dimensions of such contingencies would normally dictate what action, if any, were necessary.

The plan for the amendatory bill embodies other features failing to comport with realities. If, for instance, a primary reason for the final scoresheet showing a deficit or inadequate surplus were the failure to adopt adequate revenue measures otherwise thought to be necessary, would it logically follow, notwithstanding this, that the amendatory appropriation bill should nevertheless be prepared and processed? Would it not be manifestly unrealistic to impose on the Committee on Appropriations the specific burden of "bailing the situation out" after the House had previously debated, amended, and adopted appropriation bills originally presented by the committee?

HOLDING INDIVIDUAL MONEY BILLS

The plan proposes that each individual bill, upon final processing, be laid on the shelf and not delivered to the President until after the last such bill has been disposed of. The necessity or advantage of this suggestion is not apparent, since under terms of the plan the individual bills would not literally be altered in terms by the amendatory bill. Funds provided in the individual bills do not become available for obligation until the beginning of the fiscal year, even when cleared and signed in advance thereof, and amounts finally available for individual programs would not be known until the amendatory bill were disposed of.

JUNE 1 DEADLINE

The plan contemplates that Congress would make appropriate provision for clearance of all revenue and appropriation bills (except the amendatory bill) by June 1, to allow a month before start of the new fiscal year in which to process the amendatory bill.

This is a laudable objective, but past experience is probably the best indication of how unrealistic it is.

ACCRUED EXPENDITURE BASIS OF STATING APPROPRIATIONS

As indicated, the plan suggests that one difficulty in dealing with congressional control of spending is the span of time between making of appropriations and actual disbursement thereof. While the plan itself does not deal with this matter, it was discussed extensively in the hearings because of far-reaching effects suggested changes in this.

respect would have on the budgetary and appropriations processes all along the line. It seems appropriate, therefore, especially since legislation on the subject is again under consideration in the Congress to call attention of members of the Committee on Appropriations to the nature and dimensions of the proposition.

Pending legislation would, if adopted, require estimates of appropriations to be stated on the so-called annual accrued expenditure basis. Similar legislation failed of adoption last year at the insistence of the House. In its simplest terms, annual accrued expenditures means stating appropriations on the basis of goods and services expected to be *received* during the year regardless of when obligated for, or when used, or when paid for. Under present practice, appropriations are stated on an obligation basis. They convey both authority to obligate and authority to disburse. What constitutes an obligation is comprehensively defined in law.

Stating appropriations on the accrued expenditure basis would require supplementation in the form of contract authority for many programs. Changing over to the new basis would in no wise alter the operating realities or needs of the vast and complex programs of the Government. If operating necessities require advance commitment or obligating authority to permit of orderly program management and execution under present budgetary procedures, they will require similar authority under the accrued-expenditure method.

Contract authority is a workable device but not the most economical. It is an old and familiar friend to the Committee on Appropriations and the Congress. It was used extensively for many years. It has been found wanting. It was generally abandoned in appropriation bills back in 1951, although its use is growing in substantive legislative bills. Far from contributing to economy and retrenchment, it tends to the opposite effect. It ties the hands of the President and the Congress in making up and considering future appropriation budgets by introducing undesirable rigidities into the budget picture. It is a snare and a delusion. Its "appeal" is one of its principal defects. It is often viewed as "merely an authorization," with the consequent tendency to pass over it more lightly, to fail to give it the same thorough examination as a direct appropriation. Psychologically, the situation can be likened to a charge account at the store—relatively easy to open because it is not necessary to have the cash in hand. Moreover, subsequent appropriation requests to pay the bills incurred under prior contract authority are frequently viewed as being beyond reach—the attitude that "we have no choice but to pay the bill." That has been the practical effect of using it in many instances.

Recommendations leading to the proposed accrued-expenditure method lay great emphasis on necessity of the Congress regaining control of the purse strings and in support thereof cite the billions of unexpended carryover balances of appropriations at the end of a given fiscal year. The import of the suggestion seems to be that adoption of the new method automatically imparts to the Congress closer control of demands on the Treasury, with resultant substantial savings. It is true that large unexpended balances are in the hands of the departments each year and that in the annual appropriation bills the Congress does not now exercise *direct annual* control over their *annual rate* of disbursement. The magnitude of such balances is shown by the following figures taken from the budget for 1958, representing the

estimate of amounts on hand on July 1, 1957. And it is significant to note that such balances are by no means exclusively confined to "appropriation" balances:

	Obligated	Unobligated	Total
	<i>Billions</i>	<i>Billions</i>	<i>Billions</i>
1. Appropriations.....	\$34.3	\$12.0	\$46.3
2. Authorizations to expend from debt receipts.....	5.1	13.4	18.5
3. Contract authorizations.....	.3	.7	1.0
4. Revolving and management funds.....	.5	3.6	4.1
Total.....	40.2	29.7	69.9

In the long range sense as distinguished from any particular fiscal year, too much emphasis is attached to the question of regaining congressional control over unexpended balances as a major answer to curtailing spending or avoiding deficits. It is a contention seemingly born of frustration. It is but one in a series of suggestions for balancing the budget or reducing expenditures merely by "changing the system."

No funds whatsoever can be withdrawn from the Treasury save in consequence of valid authority granted by the Congress to first create an obligation in behalf of the Government. That is the beginning point in the budgetary process—the point of control—and it is the key to the situation. The most consistently accurate barometer to future spending levels is the dimensions of authority accorded by the Congress to enter into obligations on behalf of the Government. Denial of authority to obligate precludes a subsequent expenditure. Curtail the input of new appropriations (and other forms of obligating authority) and spending will come down. Grant authority to obligate and the expenditure *inevitably* will follow in due time. Many who advocate changing to the accrued expenditure basis of stating appropriations do not seem to fully appreciate or recognize this extremely simple truth.

It is interesting to note that while the President in his recent budget message urged the Congress to give further consideration to pending legislation to place appropriations on the accrued expenditure basis, the booklet entitled, "The Federal Budget (1958) in Brief," recently issued by the Executive Office of the President, contains the following significant statement:

Because obligational authority foreruns expenditures, it is necessary to exercise control over the amount of new authority voted for Government agencies in order to keep expenditures within receipts. If in any year the Government obligates itself to pay more money than it is receiving, it is courting future deficits.

Carryover balances are pocketed in hundreds of separate appropriation and other accounts on the books of the departments. They are shown in detail throughout the budget. They vary in size from relatively insignificant amounts to billions of dollars. Regardless of size, determination of amounts of new obligating requests to be allowed requires concurrent consideration of the carryover in those programs where advance financing is necessary. That is the general procedure

now followed by the Committee on Appropriations. In some instances only the unobligated portion is a pertinent factor, while in others the obligated portion is of equal importance in the determination. Such balances should be held to the absolute minimum, consistent with the varied needs of the individual program to which applicable. But so long as the scale of Federal programs remains of the present general magnitude carryover balances will continue to exist in terms of billions and billions of dollars.

However, the contention persists that adoption of the accrued expenditure method would result in substantial reduction of such balances and somehow bring about significant retrenchment.

What would happen if the shift were made to the suggested basis of appropriating, as provided in pending legislation, would be the elimination of large unexpended *appropriation* balances (which, of course, is not cash in the Treasury) and substitution of large unfunded *contract authorization* balances. Under either system, the grant of authority to obligate the Treasury to future cash expenditure occurs at the outset. A fiscal system cannot change the operating realities of the vast and complex programs of the Government or the point of time at which the necessities of the situation make a claim on the Treasury. Under either system, the large carryovers—and *their will be similar large carryovers under both*—will consist of (a) outstanding obligations and (b) unobligated amounts. Under either system, the die is cast as to eventual payment when the obligation is created. On this important point of timing of the obligation to future payment, therefore, the proposition is essentially a distinction without a difference. The day of reckoning—the day of payment—is inevitable and, furthermore, the payment will normally occur at the same time under either system. Once the obligation or commitment sets the machinery in motion, the Congress can do little if anything to postpone the day of cash payment.

Of course, the Congress could if it wished make reductions in carryover balances, but it should be under no illusions if it does so. And it can do so right now without changing the system. Several billions of dollars could be cut from new appropriations requested for 1958 for such long lead-time items as ships, aircraft, missiles, etc., because the budget contemplates that not all of the new funds requested will be contracted and obligated in 1958. This situation arises from the generally prevailing practice of providing funds at the outset for the total estimated cost of a given item so that the Congress can clearly see, and have complete knowledge of, the full dimensions and cost when it is first presented for appropriation. An alternative would be to appropriate in the first year only the amount estimated to be obligated in that year, leaving to later years "installment appropriations" to complete the necessary funding. But this sort of partial funding tends to be less than fully informative and in effect somewhat misleading. An instance arose on one of the appropriation bills last year wherein an amendment in the order of \$1,000,000 was adopted with ease to begin a project the ultimate cost of which will be in excess of \$1,000,000,000. Had the initial appropriation been a *billion* dollars instead of a *million* dollars, the outcome may well have been different.

For example, if the Congress provides funds in one fiscal year for a special project such as 1,000 aircraft or an atomic carrier, which will,

require a total of, say, three or four years for full completion and delivery, how can it correctly be said that Congress has "lost" control of the purse strings merely because all the money will not be obligated or expended during the first year of the project? The Congress exercised its control over the purse in approving the project and the funds for the project. Of course, under present procedures the Congress, if it later changes its mind, can take action to rescind funds or repeal the authorization. Moreover, if the ultimate cost proves to be less than the funds provided the unused portion can be canceled or applied to other purposes, and this is frequently done.

CONCLUSION ON ACCRUED EXPENDITURE METHOD

For these and related reasons, it is the view of the subcommittee that the accrued expenditure method should not be adopted. It has disadvantages and offers no improvement. This is not to infer that present methods and processes are perfect or the best. There may be a better way to present and process the Federal budget. The best system that can be devised ought to be employed, but the proposed accrued expenditure method is not it. The point is, there is no *simple* shortcut, no *magic* retrenchment device. No budgetary system has a *built-in guaranty* of economy or efficiency.

METHODS OF GRANTING AUTHORITY TO OBLIGATE

Apropos the question of regaining control of the purse strings, there is a widely held but mistaken impression that it is through the annual appropriation bills that all funds are made available for obligation and expenditure and that the annual appropriations process affords almost unlimited opportunity to reduce at will the drain on the Treasury. It does not always seem to be fully appreciated that today the annual appropriation bills afford, as a practical matter, only somewhat limited opportunity or basis for the Congress to effectively exercise its will on the broad dimensions of Government spending. A substantial segment of new authority to obligate the Government is insulated from effective *annual* determination through appropriation bills by reason of such items as permanent appropriations, permanent contract authorizations, authorizations to expend from debt receipts, and specific formulae in various grant-in-aid and other programs in basic legislation beyond practicable reach of the *annual* congressional appropriations processes. Moreover, substantial amounts of authority to obligate, and even to actually spend, are granted in other than appropriation bills. Unfortunately, the practice seems to be growing and, as it grows, basis for effective annual determination of expenditure levels is undermined and shrinks accordingly. The Congress cannot continue to place large segments of the budget beyond reach of annual determination without further seriously impairing the practical limits of exercise of effective control of the purse through the traditional means of appropriation bills. It may come as a surprise to many to know that while the last session of Congress was *reducing* the President's requests for "appropriations" in appropriation bills by \$257 million, it was at the same time, in other than appropriation bills, *increasing* the President's requests for other types of obligating and spending authority about \$1,736 million. These types of authority result in expenditures from the

Treasury just as do expenditures from "appropriations." There is no difference in final effect. A list showing the makeup of the \$1,736 million *increase* follows:

Funds appropriated to the President:	<i>Millions</i>
Investment in discharge of investment guaranty liabilities (authorization to expend from debt receipts) -----	\$37. 5
Independent offices:	
Veterans' Administration, direct loans to veterans and reserves (authorization to expend from debt receipts) -----	150. 0
Housing and Home Finance:	
Housing studies (contract authorization) -----	. 5
College housing loans (authorization to expend from debt receipts) -	150. 0
Investment in flood indemnity operations (authorization to expend from debt receipts) -----	400 0
Department of Agriculture:	
CCC (authorization to expend from debt receipts) -----	500. 0
Farmers' Home Administration:	
Farm tenant mortgage insurance (authorization to expend from debt receipts) -----	6. 9
Farm housing (authorization to expend from debt receipts) --	450. 0
Department of Commerce:	
Public land highways (contract authorization) -----	2. 0
Forest highways (contract authorization) -----	7. 5
Department of Interior:	
Park Service (contract authorization) -----	32. 0
Total -----	¹ 1, 736. 4

¹ The total involved was \$1,259 million.

The practice continues to grow. Recent examples in point indicate the trend. The multi-billion-dollar Federal aid highway grant program figures have dropped from budget totals. The law actually appropriates the receipts to a so-called trust fund for the next 16 years, to be obligated through contract authority, removing approximately \$2 billion a year from determination in the annual appropriation process. In 1955, contract authority (\$63 million a year for 3 years) for airport-construction grants was enacted in basic legislation for the first time. In the annual budget Congress is presented with the bill and has no choice but to grant the appropriation. These are examples cited here solely to show the trend without regard to merits of the programs themselves.

AUTHORIZATION OF APPROPRIATIONS

The basic foundation for an appropriation is a legislative authorization. No appropriation is in order under the rules unless for purposes previously authorized by law. Initial authorization of a program or project is therefore the true beginning point in the spending process. If the program or project, whatever it may be, is not authorized by the Congress, then no appropriation is in order. But the facts are that each year new programs and projects are authorized, and old programs are often extended and expanded. In contrast, seldom are existing programs and activities deauthorized via the basic legislative route. Fiscally, the cumulative result is increasing demands on the Federal Treasury. And once undertaken, it is inherent in the nature of things that resistance more often than not comes to the fore when efforts are made to curtail, deny proposed expansion, or eliminate.

HOUSE OF REPRESENTATIVES,
Washington, D. C., July 7, 1958.

HON. CARL HAYDEN,
*Chairman, Senate Appropriations Committee,
United States Senate.*

DEAR CARL: H. R. 8002, I understand, is up for a hearing tomorrow afternoon before the Senate Appropriations Committee.

I feel obliged to say to you that the bill as it stands would be a terrible liability. For instance, if a department bought on June 30 a dozen brooms, and the brooms were delivered the next day, they could not be paid for out of the appropriation for the fiscal year in which they were bought, and the department would have to go to the Congress for a supplemental appropriation. I am just using this simple little illustration to show how foolish the thing is. This "lapse" provision is on page 2, lines 9 to 11.

I discussed this bill in the House on March 6, 1958, on pages 3173 to 3174 in the Record. The amendment that I offered would make it a constructive bill. The amendment which was adopted was a mess.

The original bill was a mess because it would cost an enormous sum of money to provide annually for contract authorizations for which no money would be provided of any account, and there would be no clear understanding on the part of the Congress of the amount of money that was going to be required to meet them. If the attempt were made to appropriate funds available year after year, as was attempted in the amendment which was adopted to 8002 because it did not have any contract-authorization provision, there would be no right on the part of the administration to let a contract, because the departments are not allowed to let a contract until all the funds are available to it for obligation, and in this way they would not be available.

I submitted an amendment. The amendment was simple, and it would change the language so that we would have some control over appropriations from year to year and they could not get out of hand. I am enclosing a copy of the proposed amendment that I offered for your information.

I hope that, if the Senate committee does try to report anything on it, you will do away with the contract-authorization provision, and you will make provisions for the things that I provided in my amendment, because I think they are very necessary for a proper approach to the problem of unexpended and unobligated balances.

Actually, the bill would only apply to the Defense Department and to the operations of the foreign aid. It would create untold confusion and additional cost in handling the accounting and the contracting for all of these things, and I do not believe that it would be possible for the Government to be operated advantageously with those handicaps.

I have had many letters from business people who have these contracts with the Government who would be worried as to whether or not they would ever get their money or whether or not they would possibly get it in time so as to meet the obligations which they have to incur in making delivery on their contracts. In other words, they would be worried about the redtape which would be required by 8002. It would require setting up an elaborate accounting system.

Very sincerely yours,

JOHN TABER.

FEBRUARY 28, 1958.

AMENDMENT TO BE OFFERED BY MR. TABER TO H. R. 8002

Strike out all after the enacting clause and insert in lieu thereof the following: "That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsection:

"(b) Each department and establishment of the Government to which an appropriation is made shall annually submit to the Bureau of the Budget a justification for the continued availability of such funds and the President, in his annual budget message or supplemental messages, shall transmit to Congress his recommendations for action in the event he desires such availability to be continued, and, if so, in what manner and for what purpose."

"SEC. 2. (a) It shall be in order to include in appropriation bills, or in amendments thereto, provisions repealing or limiting the availability of funds referred to in section 201 (b) of the Budget and Accounting Act of 1921, as amended.

“(b) The provisions of subsection (a) of this section are enacted by the Congress—

“(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and, as such, they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

“(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.”

CEILING ON EXPENDITURES

Chairman HAYDEN. As I understand the proposals in the bill before us, H. R. 8002, as it passed the House, the idea is to fix a ceiling on the amount which can be expended from the Treasury in any 1 fiscal year as a result of appropriation acts by placing limitations or ceilings in each appropriation act on each individual line item of appropriation.

Apparently, this bill is quite controversial and, therefore, our record should be as complete as possible. The committee should have the benefit of the views of those individuals who are most familiar with the different proposals. Several points have been brought to my attention with respect to the bill, which I will enumerate and upon which the witnesses may comment.

These points and the questions are not necessarily mine, but, since they have been called to my attention as chairman, it would seem advisable that the witnesses be given an opportunity to express their views on them.

AUTHORIZATIONS OTHER THAN BY APPROPRIATION

1. In addition to a procedure for appropriation bills as provided in H. R. 8002, there are other means of authorizing expenditures from the Treasury which would not be covered by the bill before us.

For example: (1) Authorizations to expend from public debt receipts; (2) contract authorizations; (3) revolving and management funds; and (4) permanent appropriations.

For the fiscal year 1959, these authorizations comprise approximately \$10 billion out of the \$72.4 billion in new obligational authority requested by the President, or approximately 14 percent. There would be no expenditure limitations on these items under the bill before us. The question is whether there is any effective way to place such expenditures under complete control.

RECOMMENDATIONS OF PRESIDENT TO PROVIDE FLEXIBILITY TO SECRETARY OF DEFENSE

2. The President's budget message to Congress dated January 13, 1958, on page M55 of the budget document for fiscal year 1959 reads:

Legislation now pending before the Congress to place Government appropriation requests on an accrued expenditure basis should be enacted, in accordance with the recommendations of the Hoover Commission.

In the President's message to Congress dated April 3, 1958, transmitting recommendations relative to our entire Defense Establishment, House Document No. 366, it is recommended, among other things, that the Congress make appropriations for the Defense Department in such fashion as to provide the Secretary of Defense with

adequate authority and flexibility in the discharge of his heavy responsibilities. The President stated he had directed that the Department's budget estimates for fiscal year 1960 and thereafter be prepared and presented in a form to accomplish these ends.

Again in his message to the House dated April 16, 1958, proposing a draft of legislation on the Defense Department reorganization, House Document 371, the President states it is fundamental that the Secretary of Defense, as the civilian head of the Department of Defense, should have greater flexibility in money matters.

The budget document for fiscal year 1959 on page 515 contains the following language recommended for inclusion in the Defense Department appropriation bill, fiscal year 1959:

SECTION 631. At such times during the current fiscal year as the President shall determine that such action is necessary in the interests of national security, he is authorized to transfer, between any appropriations, funds, or authorizations available for military functions, not to exceed \$2 billion in such amounts, et cetera.

It would be helpful if the committee could be enlightened with respect to a reconciliation of these different recommendations.

EXPENDITURE LIMITATIONS

3. In order to implement the bill which passed the House, apparently it will be necessary to place expenditure limitations on several hundred line items of appropriation contained in the appropriation bills.

If the legislation as proposed in the House bill had been in effect during the fiscal year 1958, what would have been the effect of laws authorizing advance procurement and retroactive pay upon the previously established expenditure limitations?

Would the establishment of the accrued expenditure system require more or less clerical work in order to conform to the limitations in the appropriation bills?

Would further clerical work be required in the event of the enactment of such general laws as retroactive pay which apparently would change the expenditure limitations?

4. In instances where goods and services which are expected to be delivered by June 30 were not actually delivered until the subsequent fiscal year, what action would be required in order to pay the contractor? Would it be necessary in each instance to obtain in a supplemental appropriations bill a provision providing for an increase in the accrued expenditure limitations estimated for the following fiscal year?

S. 434 LANGUAGE

Senator Kennedy has recommended to the committee that the language in his bill, S. 434, be substituted for the language in H. R. 8002. There are questions which have been brought to my attention about his bill and the record should also be as complete as possible on S. 434.

5. In recommending the enactment of S. 434, the Senate Committee on Government Operations stated in its report that the purpose of the bill is:

to provide that estimates for proposed appropriations of the executive agencies of the Government shall, where appropriate, be determined on an annual accrued expenditure basis.

ANNUAL ACCRUED EXPENDITURE BASIS

It would be helpful if a witness would tell the committee just what is meant by the "annual accrued expenditure basis," and how it differs from the present obligation system.

6. Section 1 (b) of S. 434 reads as follows:

It is the sense of the Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essential in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriation from 1 fiscal year to another, and to bring about economy in Government expenditures. It is, therefore, the policy of Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis.

Assuming that this provision was enacted into law, the committee would like to know what type of information would be available to the Congress that is not available under the present system, in view of the present authority that exists for the establishment of the most informative type of accounting system.

ELIMINATION OF CARRYOVER BALANCES

7. If carryover balances of appropriations were eliminated or reduced, is it not true that a comparable carryover of unobligated or unliquidated contract authority would result? The committee would like to have comments from the witnesses on this subject.

ADAPTABILITY OF ANNUAL ACCRUED EXPENDITURE SYSTEM

8. Section 1 (c) of S. 434 reads as follows:

The amount of proposed appropriations referred to in sections 201 (a) and 203 of this act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis.

Does not this provision leave it to the discretion of the President as to what appropriations shall be submitted on the annual accrued expenditure basis? Apparently everyone would agree that the annual accrued expenditure system would be adaptable to those appropriations which involve long lead-time procurement, such as the acquisition of submarines and aircraft, and the construction of public works projects such as buildings, roads, and dams. However, there appears to be some question as to whether that system would be adaptable to the numerous annual appropriations such as "Salaries and expenses, Office of the Secretary of the Interior."

The committee would like to know if the proponents of the bill consider it practicable and desirable to adopt the annual accrued expenditure system to such very numerous annual appropriations?

ADDITIONAL RESPONSES REQUESTED

This committee is under heavy pressure to complete its work on the appropriation bills so that there is only a limited time in which to take testimony relative to the bills H. R. 8002 and S. 434. The witnesses may not have accurate information at hand to properly respond to the several questions that I have propounded.

It will, therefore, be agreeable to the committee for any or all of them to include in the transcript of their testimony of today any additional responses that they may care to make. The same privilege is

also extended to those who may desire to file statements for insertion in the record by not later than 5 o'clock tomorrow evening.

I sincerely regret that the committee cannot hear from any others than Senator Kennedy, the Parliamentarian of the Senate, the Assistant Director of the Bureau of the Budget, Mr. Merriam, and Mr. McNeil, the Assistant Secretary of the Department of Defense.

I will include in the record at this point a letter Hon. Herbert Hoover has written to me with respect to H. R. 8002, and the Senate bill.

I have received a statement from the Citizens Committee for the Hoover Report which will also be included in the record at this point.

(The material referred to follows:)

THE WALDORF ASTORIA TOWERS,
New York, N. Y., July 2, 1958.

HON. CARL HAYDEN,
*The United States Senate,
Washington, D. C.*

MY DEAR SENATOR: It is good to know that your committee is working to straighten out the delay on H. R. 8002 and get the bill back to the Senate by July 11.

In their essence both the Senate and House bills are workable from the Commission's point of view. I feel sure that an effective measure can be worked out without doing violence to Senate rules.

The key to firmer congressional control of the purse is, it seems to me, clear and careful annual review of expenditures.

Yours faithfully,

HERBERT HOOVER.

CITIZENS COMMITTEE FOR THE HOOVER REPORT,
Washington, D. C., July 8, 1958.

HON. CARL HAYDEN,
*Chairman, Committee on Appropriations,
United States Senate, Washington, D. C.*

DEAR SENATOR HAYDEN: The citizens committee respectfully urges that the Senate Committee on Appropriations act favorably to cause Federal budgeting to be controlled by the principles of accrued annual expenditures and require annual review of Federal spending programs.

Before your committee is H. R. 8002, the measure which was passed by the House of Representatives. Also, you will be familiar with S. 434 which was passed by the Senate on June 5, 1957, having been sponsored by Senators Kennedy, Payne, Byrd, and 47 of their colleagues, including from among your own committee the following 13 Senators: Bridges, Chavez, Dirksen, Holland, Ives, Magnuson, McClellan, Mundt, Potter, Robertson, Saltanstill, Mrs. Smith, and Thyne. Mrs. Smith's bill, S. 316, was in fact, introduced somewhat prior to S. 434.

There has been considerable discussion of the divergencies in these two measures—S. 434 as it passed the Senate and H. R. 8002 as it passed the House. We would like to set forth a description of the two measures, feeling sure that your committee will agree with us that the two measures would, as budget Director Brundage has pointed out, "accomplish substantially the same result."

S. 343 AND H. R. 8002

The pertinent Hoover Commission recommendation upon which these bills are based is recommendation No. 7 of the report on budgeting and accounting:

"That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures, namely, charges for goods and services to be received."

Both bills would put that recommendation into effect, although the two bills differ as to the means by which it would be done.

Under S. 434, the present method of making appropriations in a budget year for not only the goods and services to be received in that year but for long lead

procurement for goods and services to be delivered in subsequent years, would be replaced by—

(a) An appropriation for the budget year representing the goods and services to be delivered in that year; and

(b) Contractual authority for goods and services to be ordered in that year but not delivered or rendered until subsequent years.

Under H. R. 8002, the present method of making appropriations would, in effect, remain the same. However, there would be a limitation in each appropriation which would control the amount of goods and services to be received in the budget year.

In other words, appropriations would be controlled on an annual basis under the limitation procedure, and in addition orders for long lead time procurement could be placed under the appropriation similar to the method of placing orders under contractual authority as contemplated by S. 434.

An additional feature of the measure which passed the House, is that it would make it possible for the Congress to include, in appropriation bills, amendments, recisions, or transfers of appropriations previously made without such provisions being subject to a point of order.¹

The procedures under both bills would be similar. They would bring about what the Hoover Commission had in mind, namely, annual control of Government programs and a systematic annual review with positive action to be taken by the Congress each year in the review of orders placed for long lead time procurement. In the opinion of this committee the two bills would have practically the same result and are virtually equal as to substantive effect.

In other words, it is our belief that the two measures would reach the same objective, although by different routes. This viewpoint would appear to be shared by many leading authorities who have studied the matter and endorsed both bills—specifically, the President of the United States, the Budget Director, the Secretary of the Treasury, the American Institute of Certified Public Accountants, former President Hoover, and the Chairman of the Commission's professional task force, J. Harold Stewart.

The citizens committee does not presume to advise a committee of your vast experience as to exactly what form legislation should take in a matter in which you are so expert. It would seem to us that the important thing is to put into effect the principle of budgeting on an accrued annual expenditure basis.

We believe that public sentiment overwhelmingly favors this measure's principles. It has twice passed the Senate without dissent. It was passed by the House by a vote of 311 to 87. Scores of national organizations favor the measure, and the Nation's press has almost unanimously supported it editorially. In this latter connection, appendix A hereto is a sampling of the nationwide views of the press regarding this legislation.

It would be our hope that your committee could take favorable action on this matter.

Respectfully yours,

CLARENCE FRANCIS.

APPENDIX A. EDITORIAL COMMENT FAVORING ACCRUAL BUDGETING

Los Angeles Examiner: "In effect, the idea is to have the annual budget actually represent expenditures. This would end the wasteful system whereby Congress never really knows who's spending what money in what year."

Harrisburg (Pa.) Evening News: "This is another opportunity for the painless sort of economy that results from increased efficiency and not from wanton slashes in needed programs. It is an opportunity that should not be missed."

Cleveland Plain Dealer: "The only reasons in opposition that carry much weight are that long-term programs, especially in defense, might be stalled by congressional review, and that the change would not provide as great economies as the supporters aver. On the first point, Congress has lived up to its responsibilities in providing defense money and we can't imagine that it won't in the future. On the second point, any savings will be worthwhile."

New York Times: "If Congress is really serious about controlling expenditures and is willing to take the responsibility that goes with this power it will pass

¹ The citizens committee recognizes that this provision, while substantively desirable, would require considerable changes in long-standing Senate rules, a matter outside of our committee's charter and competence. It is the committee's hope that the principle here involved could be given effect without doing violence to the rules.

this bill, which has the endorsement of the President, many leading Members of Congress and thoughtful private citizens."

Springfield (Mass.) Union: "And regardless of savings it also seems obvious that Congress should be supplied with better tools for keeping close tabs on the biggest annual business in the world."

Manchester (N. H.) Union Leader: "It's about time the Federal Government's financial structure was placed on a sound accounting basis."

Torrington (Conn.) Register: "If there is concern over the effect of Government spending under a \$72 billion budget, then the theoretical possibility of Federal departments in any one fiscal year pouring out an additional \$70 billion in Federal funds should compound the apprehension."

Boston American: "The chief reason for the opposition, as nearly as we can gather, is that a budgeting system that has worked so badly in the past ought to have the chance to work as badly in the future. Personally, we don't consider it a sound principle to let bad enough alone."

Cincinnati Enquirer: "It is difficult to see how any member can justify a refusal to support this conscientious effort to reduce the huge cost of Government."

Cincinnati Post: "Well, you taxpayers who would like to have the Government take a little less of your money can do something about it—just tell your Congressman you want him to vote for the Payne-Kennedy bill. He'll know what you mean."

New York Daily News: "It will be a shame if one of the really precious fruits of the Hoover Commission is permitted to rot unharvested at this session."

Wall Street Journal: "The most important point in favor of the bill is that the present budgetary procedures are a wasteful mess. The measure may not be ideal—what is in this world?—but it is a useful step."

Washington Daily News: "This bill wouldn't take from Congress a control it no longer enjoys—it would restore it."

San Francisco Examiner: "We recommend to taxpayers that it is very much in their interest and in the interest of sound Government economy to let their representatives know they want this bill passed."

Miami (Fla.) Sunday News: "This reform is so simple, so needful, so important, why should there be any opposition to it?"

Trenton (N. J.) Evening Times: "New Jersey residents have a stake in the adoption of H. R. 8002. It can mean less taxes at a time when every dollar of taxes involves a little pain."

Salt Lake Tribune: "If economy in Government is ever to be achieved, Congress must first regain the power of the purse."

Boston (Mass.) Record: "This bill is opposed by some Republicans and Democrats who relish the confusion with which they are familiar."

Bridgeport (Conn.) Post: "The advantages of this system are so obvious, we cannot understand why any Congressman would oppose the measure. It is sound, systematic, intelligent, economical, and democratic."

St. Louis Globe-Democrat: "The resultant savings in tax funds could well exceed the economies of \$5 billion predicted for adoption of the entire Hoover report."

STATEMENT OF SENATOR KENNEDY

Chairman HAYDEN. Senator Kennedy is unable to be with us this afternoon, so I will insert his prepared statement into the record.
(The statement referred to follows:)

STATEMENT OF SENATOR JOHN F. KENNEDY ON H. R. 8002

I appreciate the opportunity you have provided me to comment upon this bill. It implements one of the most important recommendations of the Second Hoover Commission. Its purposes has been approved by the President, the Secretary of the Treasury, the Budget Bureau, and the General Accounting Office. It changes the method of stating budget estimates to give both the executive department and the Congress a better understanding and control of expenditures. When adopted, the budget will become a modern accounting device—a useful tool to control expenditures. It will no longer be an antiquated system whose purpose seems to be to deny information and supervision to the responsible authorities.

Never before in our peacetime history have we had such large budgets. Never before in our peacetime history have we had such large carryovers from year to year. The 1958 budget carries requests for appropriations and other obligating authority totaling over \$73 billion. Almost an equal amount, or some \$70 billion, in appropriations and other obligating authority, was carried forward from prior years. There was, therefore, available to the Government agencies during 1958 over \$143 billion. Yet actual expenditures are estimated at approximately \$72 billion.

I know I need not stress to this committee the difficulty encountered in determining, with respect to any individual budget, the actual expenditures during the year, the appropriation for the year, the obligating authority for the year, and the balance of appropriations carried forward from preceding years. This bill should synthesize and simplify this problem. As matters now stand, Congress has little control over spending once the funds are voted. The system and the procedures being used might have been satisfactory when our budgets were small but they are not adequate in the age of the \$70 billion budget.

Mr. Chairman, I know there is little dispute over the basic objectives of this legislation. The Senate has passed similar bills on two prior occasions. S. 434, a bill which I introduced early last year and which was cosponsored by 49 of our colleagues, passed the Senate by unanimous action on June 5, 1957. It, too, provided for improved methods of stating budget estimates. Senators Styles Bridges, Dennis Chavez, Spessard L. Holland, Irving M. Ives, Warren G. Magnuson, John L. McClellan, Karl E. Mundt, Charles E. Potter, A. Willis Robertson, Leverett Saltonstall, Margaret Chase Smith, Edward J. Thye, and Everett M. Dirksen, all of whom are members of this committee, were sponsors of that bill.

At the same time that the Senate was considering S. 434, the House was considering an almost identical bill. The House Committee on Government Operations reported the House bill unanimously on June 13, 1957. However, on the House floor a new bill was substituted and that is the one which passed the House and has been referred to this committee.

Although this bill, like S. 434, will permit greater control of expenditures, it makes at least six changes in the rules of the Senate. In addition, it adopts a different system for controlling estimated annual accrued expenditures. The Citizens Committee for Reorganization of the Executive Branch of the Government states these differences as follows:

"Under S. 434, the present method of making appropriations in a budget year for not only the goods and services to be received in that year but for long-lead procurement for goods and services to be delivered in subsequent years, would be replaced by:

"(a) An appropriation for the budget year representing the goods and services to be delivered in that year, and

"(b) Contractual authority for goods and services to be ordered in that year but not delivered or rendered until subsequent years.

"Under H. R. 8002, the present method of making appropriations would, in effect, remain the same. However, there would be a limitation in each appropriation which would control the amount of goods and services to be received in the budget year.

"In other words, appropriations would be controlled on an annual basis under the limitation procedure, and in addition, orders for long-lead time procurement could be placed under the appropriation similar to the method of placing orders under contractual authority as contemplated by S. 434."

In addition, H. R. 8002 would make it possible for Congress to include in appropriation bills, amendments, rescissions or transfers of appropriations previously made, without such provisions being subject to a point of order. It is that feature of the bill which necessitates the rules changes.

In order to permit speedy action upon this eminently desirable legislation, I recommend that everything in H. R. 8002 after the enacting clause be stricken and the language of S. 434 be substituted. This would have the following advantages:

First, S. 434 has already been considered by the Committee on Government Operations of the Senate and by the Senate, and prompt action by the Senate can be anticipated. A conference committee can then speed this measure to passage.

Second, unlike the House bill, S. 434 does not require any serious revision in the Rules of the Senate. The only change which S. 434 makes in the Senate rules is on which would give the Appropriation Committees of the Congress authority to include contract authorizations or other legislative amendments for the

forward planning of long lead-time programs in an appropriations bill. To meet this problem S. 434 includes a specific provision changing the rules of each House of Congress.

Third, S. 434 will eliminate carryover appropriations balances. The House bill would not eliminate these balances although it would permit an annual review of them.

Fourth, the provisions of S. 434 incorporate a vastly simpler system of budget estimates. It is uncomplicated by limitations on expenditures and other devices which would have to be included in the agency accounting system to keep track of these limitations.

Mr. Chairman, I am convinced there is an urgent need for this legislation. Appropriations must be related to expenditures each year, and the agency administrative officer held accountable for the utilization of the funds in the manner directed by Congress. This will clarify the fiscal thinking of the executive department; it will result in substantial savings; it will reduce wasteful expenditures; and it will provide Congress with effective controls over all expenditures.

COMMUNICATIONS

Chairman HAYDEN. I have received several telegrams and letters on this subject which I will include in the record.

(The material referred to follows:)

LANCASTER, PA., July 1, 1958.

HON. CARL HAYDEN,

United States Senate, Washington, D. C.:

As chairman of one of the task forces of the Hoover Commission I earnestly hope Committee on Appropriations will report favorably on H. R. 8002.

H. W. PRENTIS,
Chairman, Armstrong Cork Co.

FRIEDERICH FINANCE Co.,
San Antonio, Tex., July 2, 1958.

Chairman CARL HAYDEN,

Senate Office Building, Washington, D. C.

DEAR CHAIRMAN HAYDEN: Thank you very much, and we sincerely appreciate you taking up H. R. 8002 and by the same token, we do want to urge you to push this bill to final enactment.

Sincerely,

GEO. FRIEDERICH.

UNITED STATES ENVELOPE Co.,
Springfield, Mass., July 3, 1958.

HON. CARL HAYDEN,

*Senate Office Building,
Washington, D. C.*

DEAR SENATOR HAYDEN: It was gratifying to see by newspaper reports that the Senate Committee on Appropriations has undertaken to straighten out the problem of the Senate rules in connection with H. R. 8002 and S. 434.

I hope there will be no delay in the final enactment of this measure which was approved unanimously by the Senate in 1957 and by the House in March of this year by a vote of 311 to 87.

Enactment into law will put the Federal budget on a modern business basis to be reviewed annually and end the practice of permitting unexpended carry-over balances which, in turn, get out of control of the Congress. It will also strengthen the general control of Congress over Federal funds.

With best wishes,

Sincerely yours,

M. F. PETERSON.

LOS ANGELES CHAMBER OF COMMERCE,
Los Angeles, July 3, 1958.

Re H. R. 8002

HON. CARL HAYDEN,
*Chairman, Senate Appropriations Committee,
Senate Office Building, Washington, D. C.*

DEAR SENATOR HAYDEN: We have read in the June 26 issue of the Congressional Record your statement relating to H. R. 8002 in which you requested that the measure be referred to the Senate Appropriations Committee with instructions to report it back to the Senate not later than 15 days from the date of its referral.

The Los Angeles Chamber of Commerce has given strong support to the basic principle of legislation requiring that Federal appropriations be stated in the budget on an annual accrued expenditure basis. The heavy bipartisan support given the Senate measure and the House measure, as it was finally amended to protect defense contracts, gave promise of success this year for the efforts to put into the hands of Congress a greater degree of control over the immense expenditure program of the Federal Government, and to place Government financial procedures on a more modern and efficient basis.

We respectfully urge that every effort be made to reconcile any points at issue in the light of the overall objective which has attracted such strong congressional and citizen support, so that progress toward this end will be made at the current session of Congress.

Respectfully submitted.

GEORGE B. GOSE, *President.*

HOUSTON, TEX., *July 2, 1958.*

HON. CARL HAYDEN,
*Senate Appropriations Committee,
Washington, D. C.*

MY DEAR SENATOR HAYDEN: Your committee is to be commended for your promptness in taking up H. R. 8002. I trust that each of you will push this bill in final enactment as its importance to the welfare of our country is tremendous. Nations are more often destroyed in peace than in war.

Sincerely yours,

W. H. COCKE.

OKLAHOMA CITY, OKLA., *July 4, 1958.*

HON. CARL HAYDEN,
Chairman, Senate Appropriations Committee.

DEAR SENATOR: I wish to thank you for working on the trying problem of Senate rules in regard to H. R. 8002 and I urge you to enact this very important measure with the provisions for accrued annual budgeting, etc., intact.

Sincerely,

Mrs. BESS JACKSON.

NEWARK, N. J., *July 7 1958.*

HON. CARL HAYDEN,
Senate Office Building, Washington, D. C.:

There are over 6,000 Hoover committee members in New Jersey who will greatly appreciate all you can do toward achieving a merger of S. 434 and H. R. 8002 in bill Congress will pass. It is clear this legislation is desired by both Houses and by the people back home and that the present differences between the two bills are unimportant and can be reconciled. You have our thanks for bringing this important matter up for action.

RALPH G. STODDARD,
Executive Secretary, New Jersey Citizens Committee for the Hoover Report.

DALLAS, TEX., July 2, 1958.

HON. CARL HAYDEN,
*United States Senate Office Building,
 Washington, D. C.*

DEAR SENATOR HAYDEN: I would appreciate it greatly if you would use your best efforts to report bill H. R. 8002 favorably out of the Senate Appropriations Committee, of which you are chairman.

With taxes as they are and the ruthless squandering of money and duplication of expenditures in many instances by various bureaus, the enactment of this bill will help tremendously. Your efforts to try to operate these Government agencies with efficiency and economy should certainly be of prime importance to you and to all of your constituents.

I will greatly appreciate your support on a favorable recommendation.

Very truly yours,

C. ANDRADE III.

P. S.—I have heard a great many discussions about the Hoover recommendations, and I have yet to find one person opposed to them. In other words, all of my friends are for this bill.

AMERICAN WOMAN'S SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS,
Washington, D. C., July 3, 1958.

HON. CARL HAYDEN,
*Chairman, Senate Appropriations Committee,
 Washington, D. C.*

DEAR SIR: The American Woman's Society of Certified Public Accountants is vitally interested in the principles and provisions included in S. 434 and H. R. 8002. We wish to thank you for your recent action to take H. R. 8002 from the consent calendar and have it referred to the Appropriations Committee.

We sincerely hope that the problem of Senate rules conflict can be resolved, and the final passage of this important measure which will put Federal budgeting on a modern business basis can be enacted.

Yours very truly,

WINIFRED D. OWENS,
Chairman, Legislative Committee.

THOMPSON CAN Co.,
Dallas, Tex., July 2, 1958.

HON. CARL HAYDEN,
Senate Office Building, Washington, D. C.

DEAR SENATOR: The stockholders, directors, officers, and many of the other employees of this company have asked me to write you as follows:

"We thank you for taking up H. R. 8002.

"Please push to final approval.

"We feel that the enactment of this bill into public law with the provisions for accrued annual expenditure budgeting intact will bring about tremendous economy and efficiency in the operation of Government agencies."

I join with my associates in asking you to push through the enactment of the above bill.

Sincerely yours,

ROWSE THOMPSON.

PRESCOTT, ARIZ., July 6, 1958.

Senior Senator CARL HAYDEN,
Washington, D. C.:

Greatly appreciate your efforts in passage of bill H. R. 8002.

Mrs. A. H. McCONNELL.

AMARILLO CHAMBER OF COMMERCE

Chairman HAYDEN. I have received a telegram from Mr. C. I. Wall, president, Amarillo Chamber of Commerce, Amarillo, Tex., with respect to H. R. 8002. I will place the telegram in the record.

I have received also a number of other telegrams from Amarillo, Tex., along the same lines as the one from Mr. Wall. I will not include the other Amarillo telegrams in the record; however, I will list the names of the individuals who sent them. The names are: John Ekelund, Jack Lacy, Jerry Johnson, Jack Kings, Sr., Roy Tolk, Ben Solnick, Richard Herman, Ben Lane, Frank Davis.

(The telegram referred to follows:)

AMARILLO, TEX.

Senator CARL HAYDEN,
*Chairman, Senate Appropriations Committee,
Senate Office Building, Washington, D. C.:*

Amarillo Chamber of Commerce directors are anxious to see wasteful spending eliminated. Our members run their businesses on systematic budget basis. We hope your committee will act to establish annual budget review outlined in H. R. 8002.

C. I. WALL,
President, Amarillo Chamber of Commerce.

SUBSTITUTE FOR HOUSE BILL

Senator SALTONSTALL. Do I understand that Senator Kennedy advocates that this committee recommend S. 434?

Chairman HAYDEN. Yes, substitute his bill for the House bill.

Senator ELLENDER. Was Senator Kennedy made aware of the questions you asked in your prepared statement?

Chairman HAYDEN. No, because they were prepared hurriedly. But he will have an opportunity to look them over.

Senator IVES. I would like to raise an inquiry in light of Senator Kennedy's recommendation in S. 434. If that substituted for H. R. 8002, does that mean we would have to have a conference with the House on it as soon as we passed it in the Senate?

Chairman HAYDEN. Yes.

Senator IVES. Does that mean that all legislation of this type might be dead for this session as a result?

Chairman HAYDEN. A meeting of a Conference Committee would undoubtedly be required.

Senator IVES. We could accept the House bill, could we not?

Chairman HAYDEN. We could accept the bill as it passed the House, we could amend it as suggested by Senator Kennedy by striking out all after the enacting clause in the House bill and insert his bill, or we can further amend the bill in any way that this committee may see fit. It is in our hands to make recommendations according to our best judgment.

ALTERNATIVES FACING COMMITTEE

Senator IVES. The reason I raise this point, it occurs to me that these witnesses who appear today might desire to consider the alternatives which face the committee and the Senate in dealing with this matter. Do they want H. R. 8002, if that means the only legislation they are going to get, or would they rather have something else?

Chairman HAYDEN. No. They can adopt any course they see fit in the representations they make to this committee.

Senator SALTONSTALL. Does President Hoover advocate the passage of H. R. 8002?

Chairman HAYDEN. He recommended the passage of the House bill.

Mr. Watkins, will you take the stand for the moment? The committee has asked Mr. Watkins to look over the House bill and advise us as to what changes it would make in the Senate rules. If he would be kind enough to do that, we would appreciate it very much.

**STATEMENT OF CHARLES L. WATKINS, PARLIAMENTARIAN,
UNITED STATES SENATE**

GENERAL STATEMENT

Mr. WATKINS. Mr. Chairman, I have prepared a statement as to the changes that would be made in Senate rule XVI, relating to amendments to appropriation bills, by H. R. 8002, a bill to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations. Under section 2 (a) of the bill, it shall be in order to provide in any appropriation measure or in any amendment thereto:

1. Limitations on annual accrued expenditures covering amounts becoming payable as a result of obligations incurred in both the fiscal year concerned and in prior fiscal years; and
2. Provisions pertaining to the availability of any appropriations or funds previously made available.

If the bill becomes law, the above subsection will be considered until April 1, 1962, as a rule of the Senate, and will supersede any standing rule to the extent that such standing rule may be in conflict therewith.

LEGISLATION ON APPROPRIATION BILLS

Paragraphs 2 and 4 of rule XVI of the Standing Rules of the Senate prohibit legislation on appropriation bills and are substantially affected by subsection (a) above.

Paragraph 2 of the rule prohibits the Committee on Appropriations of the Senate from reporting an appropriation bill containing:

1. An amendment proposing new or general legislation;
2. Any restriction on the expenditure of funds appropriated which proposes a limitation not authorized by law if such restriction is to take effect or cease to be effective on the happening of a contingency.

SUPERCESSION OF SENATE RULE

Senator BRIDGES. May I ask you a question?

If this bill is passed, even though the Senate rules are now in existence, the law would naturally supersede the Senate rule?

Mr. WATKINS. It would insofar as it is in conflict with such standing rule.

Senator BRIDGES. Therefore, if legislation is enacted, there would be no conflict?

Mr. WATKINS. It would supersede the rule.

Senator BRIDGES. Then there would be no conflict?

Mr. WATKINS. If the legislation is enacted, it would operate as a new rule and in effect nullify the present rule.

Paragraph No. 4 of rule XVI prohibits:

1. Any amendment proposing new or general legislation;
2. Any amendment not germane or relevant to the subject matter of the bill;
3. Any amendment which does not directly relate to any item or clause of the bill; and
4. Any restriction which is identical with the one previously read and contained in paragraph 2 of the rule.

An exception to the above prohibitions, however, has been made, under the precedents, in cases where the House inserted legislation in an appropriation bill, in which event germane amendments legislative in character are in order in the Senate to the legislative language in the bill.

AMENDMENTS FROM THE FLOOR

Under that part of the language of section 2 (a) pertaining to the availability of appropriations contained in previous acts, it would not only be in order for the Committee on Appropriations to report an amendment in an appropriation bill which would amend provisions in previous appropriations acts, but it would also authorize the offering of amendments from the floor, either on behalf of the committee or by Senators in their individual capacities to appropriation bills previously passed.

No restriction on the number or nature of amendments being apparent, the door would be wide open to the offering of many such amendments from the floor.

Senator ELLENDER. Legislative in character?

Mr. WATKINS. They would be legislative in character because the provisions of this bill are legislative under the same precedents and under the rules that now exist.

Under precedents established by the Senate under the rule, such amendments would constitute legislation on an appropriation bill and therefore would be in direct contravention of rule XVI as presently established; but the rule would be superseded in these cases by the applicable language of subsection (a) of the bill.

AVAILABILITY OF FUNDS PROVIDED IN PREVIOUS ACTS

Paragraphs 2 and 4 of rule XVI would be superseded in 3 important respects by the authority given in section 2 (a) of the bill concerning the availability of appropriations made in previous acts.

Without going into detail in the matter, as I am sure every member of the committee is entirely familiar with the meaning of the terms, section 2 (a) would authorize:

1. Transfers of appropriations made in previous appropriation bills;
2. Modification or rescissions of previous appropriations; and,
3. Reappropriations of unexpended balances of appropriations.

An amendment providing for either of the first two purposes above stated, if proposed to a pending appropriation bill, would be in violation of the rule and subject to a point of order. An amendment providing for the reappropriation of unexpended balances of appropriations would be an express violation of section 139 (c) of the Legislative

Reorganization Act of 1946, which also operates as a rule of the Senate.

That is about all on the provision dealing with the availability of appropriations made in previous acts.

Now as to limitations on accrued expenditures.

Senator ELLENDER. Mr. Chairman, before he goes into that, may I ask a question?

Chairman HAYDEN. Yes.

AUTHORIZATION IN APPROPRIATION BILL

Senator ELLENDER. If the language to which you referred about legislation were not corrected in some way, would it be possible for someone to have an authorization placed in an appropriation bill?

Mr. WATKINS. I think amendments would have to relate to appropriations made in bills previously enacted.

Senator ELLENDER. In other words, it would not change the present method of authorizing before an appropriation?

Mr. WATKINS. I don't think it would. I think the legislative committees would still have the authority and power to propose authorizations.

Senator ELLENDER. The point is, could they do it in an appropriation bill? In other words, could a Senator or a Member of the House offer an amendment to an appropriation bill authorizing a project?

Would it in any wise change that rule?

Mr. WATKINS. I do not think that would be permissible under the present rule.

Senator BRIDGES. You answered under the present rule. We are asking under the proposed bill.

Senator ELLENDER. That is what I am asking about.

Mr. WATKINS. Subsection (a) relates primarily to amendments concerning the availability of appropriations made in previous acts. I doubt if it would be in order to include authorizations in appropriation bills.

Senator SALTONSTALL. Mr. Chairman, may I ask this question:

Have you a copy of the bill in front of you, Mr. Watkins?

Mr. WATKINS. Yes, sir.

TRANSFERS, RESCISSIONS, AND REAPPROPRIATIONS

Senator SALTONSTALL. On page 3, line 10, if you take out the words—

and the provisions pertaining to the availability of any appropriations or funds previously made available.

it is my understanding that you take out the problem concerning transfers, rescissions or modifications and reappropriations.

Senator Bridges and I have offered an amendment on reappropriations. I will not ask you about that at the present time. If you take out that clause, it is my understanding, from Mr. Scott here in this committee, and a little discussion of it, that you eliminate those problems of points of order on transfers, rescissions or modifications and reappropriations. So that would take out all objection to the present Senate rules with the possible exception of conditional appropriations. Thus, if the Senate passed this bill with that clause out, there would not be any change in the Senate rules.

Mr. WATKINS. I do not think there would be.

Senator SALTONSTALL. You do not think it would be? You agree with me?

Mr. WATKINS. Without having studied the matter, yes. It appears to me now if you eliminate the language there in line 10, then the bill would be limited to annual accrued expenditures, and would not embrace these other three items.

Senator SALTONSTALL. It would not embrace questions of transfers, recissions or modifications, or reappropriations?

Mr. WATKINS. That is right.

Senator SALTONSTALL. Those would all be subject to points of order as we have them now?

Mr. WATKINS. Those three that would be authorized under lines 10 and 11 would be subject to points of order under the present rule.

Senator SALTONSTALL. So, if omitted, that would leave the bill as a bill on accrued expenditures or limitations on expenditures only.

LIMITATIONS ON ACCRUED EXPENDITURES

Mr. WATKINS. It would deal only with limitations on annual accrued expenditures.

Now, we come to limitations on annual accrued expenditures. Section 2 (a) of H. R. 8002 would authorize limitations on annual accrued expenditures covering amounts becoming payable as a result of obligations incurred. That is in addition to those lines on 10 and 11, pertaining to the availability of previous appropriations.

Senator SALTONSTALL. That would be lines 5 through 9?

CONTINGENT RESTRICTIONS

Mr. WATKINS. Yes; rule 16, paragraph 4, reads:

Nor shall any restriction on the expenditure of the funds appropriated which proposes a limitation not authorized by law be received if such restriction is to take effect or cease to be effective upon the happening of a contingency.

I do not know whether you want me to go into that matter because I do not believe that is covered by the rules at the present time. Not being in the rules, we have no Senate precedents that would cover such a situation on annual accrued expenditures.

APPROPRIATION ON CONTINGENCY BASIS

Senator SALTONSTALL. In other words, if we put section 2 (a) in, down to line 10, eliminating that clause, we eliminate all changes in our rules with the possible exception of an appropriation on a contingency basis which is not now in the rules?

Mr. WATKINS. That is right.

Senator SALTONSTALL. Therefore, if a contingency basis was put on and brought up on the floor and somebody made a point of order, there would have to be a ruling as to whether that could be interpreted to be in the rules or not because there is no specific clause in the rules to cover it; is that correct?

Mr. WATKINS. That is the way it occurs to me. There is a provision on contingencies, but that has nothing to do with annual accrued expenditures at all.

AUTHORIZATION IN AN APPROPRIATION BILL

Senator BRIDGES. You answered Senator Ellender by saying that there could not be any new authorization in the proposed act.

As you read the act, it would not be allowed?

Mr. WATKINS. I think that this bill would deal only with appropriations of funds previously made available and already adopted in appropriation bills and could not include authorizations.

Senator BRIDGES. You have raised the question of a Senate rule on legislation on appropriation bills. Under the proposed bill, as you read it, legislation on an appropriation bill would be or would not be allowed?

Mr. WATKINS. It would be allowed with respect to appropriations made in previous acts. You could transfer them, you could rescind them or modify them or reappropriate the unexpended balances under this act.

Senator ELLENDER. Could you increase them?

Mr. WATKINS. There is nothing in here that says you shall increase them.

Senator ELLENDER. That means you could increase the authorization, then?

Mr. WATKINS. I do not know that I would be competent to pass on that question. There is no limitation in here.

APPROPRIATION ABOVE AUTHORIZATION

Senator ELLENDER. You indicated a while ago that this would give authority to add legislation to an appropriation bill. If it is as broad as you say it is, I do not see what would prevent us from increasing an appropriation over and above the authorization.

Mr. WATKINS. There is nothing in the language here now that says you shall rescind it or modify it, reduce it or increase it.

Senator ELLENDER. Therefore, you could do it?

Senator SALTONSTALL. Would the Senator yield?

Senator ELLENDER. I wonder if he would answer that.

Mr. WATKINS. I think myself the Senate Appropriations Committee has authority to increase an appropriation in a pending bill.

Senator SALTONSTALL. This would be possible, Mr. Chairman, as I see it, putting an inquiry relating to Senator Ellender's question:

LIMITATION ON REAPPROPRIATIONS

There is no limitation at the present time on the amount that will be appropriated. In other words, supposing there is a carryover of a million dollars and we appropriate \$4 million, but we do not know what that carryover is, in that way we may appropriate more money than the authorization. If this line 10 and 11 is stricken out, then that is not possible.

Senator BRIDGES. We could not reappropriate more money than there actually was?

Mr. WATKINS. No; not for a reappropriation.

Senator BRIDGES. This deals with a reappropriation?

Mr. WATKINS. In a reappropriation you could not increase the amount.

ENLARGING EXISTING LEGISLATIVE AUTHORITY

Senator DIRKSEN. But Mr. Watkins, that is not Senator Ellender's question. His question is this: Can you actually enlarge legislative authority previously passed by putting a legislative provision in an appropriation bill which increases the amount? In other words, you can ignore legislative authority approved by both branches in Congress and stick a little proviso in an appropriation bill?

Senator BRIDGES. I do not know that you can.

Senator DIRKSEN. That is the question.

Senator ELLENDER. That is the question exactly.

Since the door is wide open to put in language in the bill, there is no restriction.

Senator SALTONSTALL. By a majority vote.

Senator ELLENDER. Yes. You can put legislation in it and it is not limited in character.

Mr. WATKINS. There is no limitation in here that I can see at all. The language is—

Provisions pertaining to the availability of any appropriations or funds previously made available.

When you get down to that, I do not think you could go above that. This simply pertains to the availability of any appropriations or funds previously made available.

Senator ELLENDER. You are dealing with funds already appropriated. I am not talking about appropriation. I am talking about authorization. There is a difference.

I do not have to tell you that.

Mr. WATKINS. I do not think an authorization would be in order under this section 2 (a).

Senator ELLENDER. In other words, it is your opinion that, although you could add legislation to the appropriation bill, that would not give you the right to increase the authorization?

Mr. WATKINS. You could not do it for any appropriation bill that had been previously passed.

Senator BRIDGES. Let me ask you this question:

INCREASE OF CONSULTANT PAY BY REAPPROPRIATION

Supposing that in a previous bill we had authorized the hiring of a number consultants at a hundred dollars a day, could we in the new bill say that we reappropriate for consultants at \$125 a day?

I do not want to see that possible. We are trying to clarify it.

Mr. WATKINS. You have reference now to the amount that is in an appropriation bill previously passed?

Senator BRIDGES. Yes.

Mr. WATKINS. I doubt if you could do that. What I had reference to a while ago, I think the Committee on Appropriations, when it has a pending bill before it, and there is a budget estimate for a certain amount, or perhaps an authorization for a different amount, under the provisions of paragraph 1 of rule XVI the Committee on Appropriations has authority to increase the amount not only above the budget estimate, but also above the authorized amount.

I gave Senator Ellender a letter on that very point.

Senator ELLENDER. Yes, that is why I am asking about it.

Mr. WATKINS. That was the very point involved before the Senate in an amendment made to the rules on May 7, 1852, before the Committee on Appropriations was ever established.

Senator SALTONSTALL. Mr. Chairman.

MODIFICATION OF PROVISION IN PRIOR APPROPRIATION ACT

Under the word "modification," Mr. Watkins, to carry out Senator Bridges idea, last year in 1957 we appropriated for 10 experts at \$100. This year we could reappropriate that money and say we are going to modify it and say those men will get \$125. I would say that was a modification in connection with a previous appropriation bill.

Provisions pertaining to availability of any appropriations of funds previously made available.

If those words are stricken out, then we limit this bill strictly to an annual accrued expenditure and we do not get into these questions of transfers, rescissions, and everything else.

Mr. WATKINS. That is right.

Senator SALTONSTALL. So I would not quite agree with your answer to Senator Bridges, most respectfully.

Mr. WATKINS. What I had in mind a moment ago is that the Appropriations Committee, in my judgment, on a pending appropriation bill under the present rules, not dealing with any bill previously passed, and there is a budget limitation or a limitation put in there under authority of law, the Committee on Appropriations, under paragraph 1, may increase an appropriation already contained in the bill or add a new item of appropriation. The committee would have authority to do that, in my judgment. But that question would not be embraced within the scope of this section 2 (a), which is the matter that is pending before you, and does not relate to any appropriation in any bill previously passed. That is beside the point, I think, in this particular case.

Chairman HAYDEN. We thank you for your statement.

We will hear from Mr. Merriam.

STATEMENT OF ROBERT E. MERRIAM, ACTING DIRECTOR, BUREAU OF THE BUDGET

GENERAL STATEMENT

Mr. MERRIAM. Mr. Chairman, members of the Appropriations Committee, I have with me here Mr. Arthur Focke, who is our General Counsel, and Mr. William Armstrong, head of our Office of Accounting.

Chairman HAYDEN. The invitation was extended to the Director of the Budget, but he is out of town?

Mr. MERRIAM. Yes. I am Acting Director. I do not have a prepared statement. I thought perhaps the best contribution we could make would be to discuss informally with the members of the committee the development of this legislation and to answer whatever questions you may have.

IMPLEMENTATION OF HOOVER RECOMMENDATION

I would like to say just briefly at the outset that the purpose of this legislation as it was initially developed, as I know all of you are aware, was to implement a recommendation of the second Hoover Commission, that congressional appropriations be in terms of annual accrued expenditures. There were several objectives which the Hoover Commission had in mind in making this recommendation.

CONTROL OF BOTH CURRENT AND PRIOR APPROPRIATIONS

The first one was to provide for an annual congressional review of appropriations granted in prior years, and, secondly, to give the Congress a positive control over annual accrued expenditures from both current and prior appropriations.

As you know, the Senate last year enacted the bill which is outlined, Mr. Chairman, in the memorandum which you have just read. You will recall, I am sure, that the bill provided for appropriations themselves to be made on the accrued expenditure basis, with the addition of contract authorization for long lead time items which would require more than 1 year for their funding.

CONTRACT AUTHORITY

In the House of Representatives, there was considerable sentiment in opposition to the instituting of contract authority on a large scale. As I understand it, this stemmed in part from experience with the use of contract authority during World War II. It was therefore sought in the House to find a way of achieving approximately the same objective by leaving appropriations as they now are—as new obligational authority.

DIFFERENCE BETWEEN BILLS BEFORE COMMITTEE

So, in effect, if I may perhaps oversimplify, the main difference between the two bills, as we see it, is that in the Senate bill the appropriation is an accrued expenditure limitation, and on top of that you have contract authority which is the equivalent of what an appropriation would be today; whereas, in the House bill, your appropriation remains as it is today, and underneath it, in effect, you place an accrued expenditure limitation.

Those who were supporting this bill in the House asked for and received from us assistance in developing this alternate proposal which is before the committee today. We feel that either one of these alternatives would achieve the objectives of the Hoover Commission in terms of providing for the annual review of the unexpended and unobligated balances, and in providing Congress with more detailed information about changes in programs which do occur, as we all know, during the course of a budget year.

INFORMATION ON ACTUAL DEVELOPMENTS OF PROGRAMS

I might say, Mr. Chairman, that having appeared in the last 3 months before at least four different congressional committees on the subject of use of the apportionment powers which Congress has granted to the Executive, I think I speak with some feeling when I

say that there is a large segment of the Congress which feels that they do not have sufficient information as to the actual developments of programs within the agencies after appropriations have been made, and there is a sense of frustration on the part of many of these Members that they have made appropriations for programs which somehow or another, from their standpoint, have been sidetracked.

The fact is, of course, that a budget is prepared many months in advance of the actual time in which the money is to be spent. In our office we are now working, for example, as I am sure you know, on the 1960 estimates for appropriations which will not be spent in total until 2 years from now.

In any program, whatever its size may be, there are inevitable shifts that take place because of changed circumstances, because of changed requirements which cause certain alterations in plans as originally submitted to the Congress.

I would like to make it perfectly clear, Mr. Chairman, that enactment of either of these bills is not automatically going to solve all of the problems we have, either in terms of the size of the budget, or in terms of fully acquainting everybody with all of the programing shifts that take place.

But it is our very considered opinion, after lengthy study of the problem, that the institution of a system such as proposed in either of these alternatives would be extremely helpful—to the Congress, to the Executive, and to the general public.

SUPPORT FOR HOUSE BILL

When we analyze it in total, our opinion would be that the bill which was enacted by the House of Representatives and which is before you today would be the better one of the two that are being considered. We think that it would be workable. We think that it would be helpful and effective in insuring an annual review of these programs by at least affording an opportunity, which is all we can do in any event, for the Congress to review certain programs on a systematic basis, and revise them or rescind them as it sees fit. It would provide the Congress and the public with definite information and with a tool to limit expenditures.

POSSIBLE COMPLICATIONS UNDER HOUSE BILL

Senator BRIDGES. Let me ask you, Mr. Merriam, would it not be much simpler for the Senate to make appropriations for 1 year and then contract authority for long-lead-time items? When we operated under that system, we got along pretty well for a long time. It is a very simple way to proceed. Are we not getting into a lot of complications when we get into the House bill?

Mr. MERRIAM. Senator Bridges, we felt that we could operate under either bill. The advantage of the House bill is that the appropriation procedure would remain as it now is; that appropriations would be based upon the estimate of the total amount of obligational authority which would be needed. There would be, therefore, in the appropriation bill itself, on most items, at least, an indication of what the total funding would be—for an aircraft carrier, for example. Also, prob-

ably there would be less transitional problems under a proposal which leave appropriations as they now are.

PRINCIPLE OF ANNUAL REVIEW BY CONGRESS

Senator BRIDGES. You agree to the principle of the annual review by Congress of all moneys?

Mr. MERRIAM. Absolutely. We think that is the most important thing.

Senator BRIDGES. You are torn between the Senate bill and the House bill but rather favor the House bill?

Mr. MERRIAM. That is it.

Senator BRIDGES. You favor the principle which we are trying to achieve?

TECHNIQUE INVOLVED

Mr. MERRIAM. The principle is embodied in both bills. It is a technique that is involved. In terms of technique, we would prefer the House bill.

Senator SALTONSTALL. Mr. Merriam, if we struck out the language on page 3, line 10, after the word "years," through the rest of that paragraph, that would limit this bill to accrued expenditures or accrued appropriations or put limitations on accrued expenditures alone and eliminate transfers, rescissions, modifications, and reappropriations. While that would not go quite as far as what the original bill provides, certainly that would be a good step forward and perhaps would be a better step forward than the way the House bill now reads. Am I correct?

HOUSE FLOOR AMENDMENT

Mr. MERRIAM. Senator, that particular clause which you have just read was inserted on the floor of the House during the course of the debate and was not suggested by us. Inasmuch as the clause pertains so directly and intimately to the rules of the Congress—

Senator SALTONSTALL. Rules of the Senate.

Mr. MERRIAM. And of the House, as I understand it. It was our feeling that this was not a matter in which the Executive ought to be concerned. So our position would be that either way on that clause would be workable for us and it ought to be up to the Congress to determine it. If the Senate wanted to remove that clause, we would have no objection.

SUGGESTION OF REPRESENTATIVE TABER

Senator SALTONSTALL. Congressman Taber has made a suggestion which would, as I understand it, require the President to submit any reappropriations that we wished to have made by Congress. In other words, the Budget Bureau and the Presidential process would be the same as it now is, but on any reappropriations, it would have to come through the President and down here, otherwise the money would lapse. Is that your understanding of Congressman Taber's suggestion?

Mr. MERRIAM. Yes.

Senator SALTONSTALL. That would not in any way limit expenditures of any appropriations. It would simply take up the subject alone of reappropriations, is that correct?

Mr. MERRIAM. That is my understanding.

Senator SALTONSTALL. That would not really accomplish the purposes of what the Hoover Commission has recommended, or would it?

Mr. MERRIAM. I do not believe that it would, Senator, because while it would tend to provide for automatically or give a greater probability of annual congressional review of previous appropriations, it would not strike at the second half of this proposal, which would be to provide an expenditure limitation.

Senator SALTONSTALL. It would be a real step ahead if the House bill was passed with those lines 10 and 11 out, on that page 3?

Mr. MERRIAM. Yes, sir.

BUDGET BUREAU VIEW OF HOUSE BILL

Senator ROBERTSON. I would like to inquire if the Budget Bureau recommends any amendments or changes in the House bill.

Mr. MERRIAM. No, sir. As I just indicated to Senator Saltonstall, we have no opinion on this one clause because it seems to me it pertains to congressional procedure. Aside from that one clause, we feel that the House bill would be workable.

Senator ROBERTSON. Would you mind stating for the record, because this will not be a very voluminous record, when it reaches the floor of the Senate for action and Members would like to know in a quick, easy way what it is all about, what the House bill does and what is the major difference between that and the one that was unanimously passed by the Senate, S. 434?

Mr. MERRIAM. Do you want that for the record?

Senator ROBERTSON. Yes. Can you do it very briefly?

Mr. MERRIAM. Yes, sir. As to the difference in its simplest terms, as I indicated, it seems to me that the appropriations under the House bill would be on the same basis as they now are, whereas under the Senate bill appropriations themselves would have been on an accrued expenditure basis.

The other difference which flows from that fact is that the Senate bill would require the use of contract authority, which is not required in the House bill.

In the House bill, there is a specific expenditure limitation for each fiscal year on an accrued expenditure basis. This differs slightly from the Senate bill, in which the appropriation itself would, in effect, provide the limitation.

Senator ROBERTSON. The House never has acted on our bill; is that correct?

Mr. MERRIAM. That is correct.

OBJECTIVES OF HOOVER COMMISSION

Senator ROBERTSON. Which of the two bills is closer to the recommendation of the Hoover Commission, because they all refer to that.

Mr. MERRIAM. We would favor the House bill, Senator Robertson. I think that either of them would fulfill the objective of the Hoover Commission, but it just seemed to us on analysis that the better one, with the least complication, would be the House bill.

CONTROL OVER PRIOR APPLICATIONS

Senator ROBERTSON. Does the House bill accomplish the major objective of the Senate bill to give the Congress control over previous appropriations that have not lapsed?

Mr. MERRIAM. Yes, sir, that is correct.

Senator ROBERTSON. That is all.

Senator HILL. I just wanted to ask this. What information can be furnished to the committee under the bill which cannot and is not being furnished today under existing laws?

"MANDATORY" CONGRESSIONAL REVIEW OF PROGRAM CHANGES

Mr. MERRIAM. As far as information to be furnished is concerned, Senator, of course all of this information is and should be made available and much of it is made available to the Appropriations Committees. The difference would be, I think, that under either of these proposals there would be a mandatory review by the entire Congress of the program changes which have been made of the unobligated balances which remain, and the use to which it is proposed they be put.

Senator HILL. You say "mandatory". After all, do we not today consider the unobligated balances? When a witness comes here from an agency or department and asks for additional funds the record shows how much might be unobligated for this particular purpose within the agency, and that is all brought out today; is it not?

Mr. MERRIAM. I would assume that a good part is.

Senator HILL. When you say "mandatory," when you talk about mandatory, that means to make Congress do something that it is not doing today. What do you mean by the word "mandatory"?

Mr. MERRIAM. What I meant was that there would be included by the President in the budget document specific recommendations to the Congress as to what amounts from previously appropriated funds could and should be used in the fiscal year in question.

CONSIDERATION OF UNOBLIGATED BALANCES

Senator HILL. When you make up your estimates, do you not consider what may be unobligated or what may be left or what there is in the way of a residue? Do you not consider that today?

Mr. MERRIAM. Certainly we do, Senator. I think the important thing to keep in mind is that once an appropriation has been made for a particular purpose, that money can be spent without any further positive review by the Congress.

Senator HILL. Tell me exactly what you mean by this review. I think we do review these things. If you are going to make a new appropriation for the same purpose or for a kindred purpose, we review. We have all these tables and charts which show how much we are appropriating in the present fiscal year, how much is recommended by the Budget for the coming fiscal year, and whether or not any suggestion has been made or any amendments offered that might vary from the budget recommendation. I do not get the picture myself. I want you to make it a little clearer for me.

REQUIREMENT FOR POSITIVE CONGRESSIONAL ACTION

Senator BRIDGES. The difference is that it requires positive action for the Congress to act.

Mr. MERRIAM. The entire Congress.

Senator HILL. You mean to reappropriate these unobligated funds?

Senator BRIDGES. Yes. I think when Mr. Merriam was using the word "review," it was a general term. You not only review but under the bill passed by the Senate or House you have to take positive action.

Senator HILL. You mean affirmatively not only appropriate any new funds but reappropriate any old funds. You mean reappropriate those unobligated funds.

Mr. MERRIAM. In the House it would not be an actual reappropriation, but you would have to authorize the use of previously appropriated funds by your expenditure ceiling process.

Senator ELLENDER. How is it done now? The extra funds you are speaking of?

Mr. MERRIAM. They are not extra.

Senator ELLENDER. I mean unexpended funds.

EXECUTIVE CEILING ON EXPENDITURES

Mr. MERRIAM. In part, as we discussed before, Senator Ellender, last fall there was an Executive—I would not say limitation, but an Executive request for each department to hold expenditures to the previous year's level. That was an Executive attempt to achieve a similar objective. This would place that responsibility on the Congress, and would therefore require a review each year of what the expenditure plans for the agency are going to be for the forthcoming year.

ESTIMATED SAVINGS UNDER BILL

Senator ELLENDER. As I recall, those on the Hoover Commission who are advocating passage of this bill, stated that X billions of dollars would be saved. Can you tell us how that could be accomplished?

Mr. MERRIAM. Senator, I have read very carefully the history of this. I think there has been some confusion on that subject, frankly.

Senator ELLENDER. Plenty of it; that is why I would like you to clarify it, if you can.

Mr. MERRIAM. I will give you my opinion. I think the Hoover Commission itself, you will discover, made no estimates of savings. The task force which reported to the Hoover Commission in this area did indicate that there might be a magnitude of savings of 3 or 4 billions of dollars if this and some other steps were all taken and if, as a result of that, Congress took some action. I think it probably is misleading to indicate that through the enactment just of the bill itself there would be savings of any such magnitude.

Senator ELLENDER. In your humble judgment, if this bill is enacted as you are now proposing, how much money would be saved?

Mr. MERRIAM. Senator, I do not think anybody can give a categorical answer to that because this merely provides the Congress with the tool and it depends on how that tool is used as to what the results would be.

Senator ELLENDER. There would be no savings unless Congress did it, then?

Mr. MERRIAM. That is correct.

Senator ELLENDER. That is, by curtailing the appropriations?

Mr. MERRIAM. Perhaps I can give an example which would answer both your question and previous questions. How valid this is, as a specific example, I do not know. But if you will accept it as an illustration, I would appreciate it.

PROBLEM WITH AIRCRAFT PROCUREMENT CONTRACT

You will recall several years ago there was a problem with one of the aircraft companies which had a rather large contract to manufacture an airplane. The motor was made by one manufacturer and the frame by another, and when they put them together, it did not fly. It is possible, I think—

Senator ELLENDER. Who was at fault?

Mr. MERRIAM. This is what I did not want to get into.

Senator ELLENDER. I know, but I would like to get into it, because we certainly cannot place the orders for you. It has to be done by the executive department.

Mr. MERRIAM. That is right. If I may make my point first, it is conceivable that through an annual review of that particular appropriation, the Congress might have determined that this was a program it did not want to go ahead with. You may ask, as you obviously already have, why was it not stopped in any event? I cannot answer that.

Senator ELLENDER. Exactly. The executive has the duty of placing of orders. We certainly cannot do it.

Mr. MERRIAM. That is right, but I must say, Senator, that sometimes we are criticized for making our own interpretations of how the laws should be carried out.

HOOVER COMMISSION ESTIMATE OF SAVINGS

Senator ELLENDER. Here is an excerpt from the Commission on Organization of the Executive Branch of the Government wherein, the task forces states—

in regard to the savings which would result if the recommendations were adopted, the benefits which would result from improved financial management, we believe the resultant dollar savings could reasonably be expected to amount to 4 billion, which is approximately 8½ percent of the controllable budget expenditures.

Mr. MERRIAM. I think that refers to all of the recommendations that are in that section, Senator.

Senator ELLENDER. Are you able to tell us how much of this 4 billion could be saved if we enacted the measure that you recommend as being the best one, namely, H. R. 8002?

Mr. MERRIAM. No, sir; I cannot, because, as I indicated, this is a tool and it completely depends on how it would be utilized. I think it is impossible to put a dollar figure on it.

Senator ELLENDER. I wish to say that in the past I voted for practically every recommendation made by the Hoover Commission—the first Hoover Commission—and I have never been able to see any savings.

Mr. MERRIAM. That is another subject. I do think there have been a great many that could be pointed out. We have made some studies and I would be glad to send them to you.

Senator ELLENDER. I wish you would.

FOREIGN CURRENCY GENERATED UNDER PUBLIC LAW 480

Senator YOUNG. If I may ask a question: Does this bill affect foreign currency generated under Public Law 480? Does this legislation affect those funds that we accumulated?

Mr. MERRIAM. No; it would not.

Senator YOUNG. Is there any check whatever, on the control of an expenditure of these foreign currencies we have accumulated? We must have about a billion and a half dollars.

Mr. MERRIAM. It is a very sizable sum. I do not have the amount at my fingertips.

Senator YOUNG. How are the expenditures of these funds controlled now?

Mr. MERRIAM. There is approval for the use of many of these funds which must be given by the Budget Bureau before the agency can utilize them. This is one means by which that is accomplished. Secondly, in our annual analysis of the budget requests of the agencies we take into account the availability of foreign currency funds.

If I can use an example from this year's budget, when there was an augmentation of the agricultural-research program, with which you are very familiar, it was suggested to the Department and they agreed that part of the augmentation of their research money should come through the use of foreign currencies—largely in Great Britain and continental Europe—where some research could be done.

Senator YOUNG. Some \$5 million?

Mr. MERRIAM. Yes, for utilization on products which could eventually be available to Europeans. This is one example where we have attempted to channel the utilization of these moneys.

USE OF FOREIGN FUNDS WITHOUT DUTY OF REPORTING

Senator YOUNG. Can some of these funds be spent by some agencies of the Government without any report at all to the Bureau of the Budget and the Congress?

Mr. MERRIAM. I have been reminded that section 1415 of the Supplemental Appropriation Act of 1953 requires generally that they be purchased with appropriated funds, unless otherwise authorized. In other words, an agency must purchase from the Treasury these moneys with actual moneys which have been appropriated to them by the Congress, by and large.

There are some exceptions, though.

Mr. MERRIAM. Yes, sir.

Senator YOUNG. A Member of Congress, traveling in a foreign country, can get a whole armful if he wants to without much of an accounting to anyone.

Mr. MERRIAM. Yes, sir. That part is one which we have not felt it was our prerogative to get into.

I think that is an instance in which the law specifically authorizes use of those moneys without any executive review.

Senator YOUNG. Are you finding more and more use of this currency in lieu of United States dollars?

SUMMARY OF FOREIGN CURRENCY UTILIZATIONS

Mr. MERRIAM. I think so. We are trying to pull that program much more together than I believe it has been in the past so that there will be a better accounting to the Congress. We sent down to you, Mr. Chairman, earlier this year the first summary of all of the different foreign currency utilizations that there are and how they are controlled.

Senator YOUNG. I found in a trip I took last fall that at almost every Embassy there were more places where they could use these currencies in place of United States dollars. I found places almost at every stop I made. I think there are more places where the military could use these currencies in place of United States dollars.

Mr. MERRIAM. We are continuously looking at that, Senator Young.

Senator YOUNG. I am getting off on another subject, so I will cease.

Senator DIRKSEN. I want to refer for a moment to Senator Ellender's question largely because I think the groups who have been organized under the Hoover pattern over the country generally are of the opinion that there will be effective savings.

TOTAL 1958 UNEXPENDED BALANCES

First of all, I see in this, two factors: the one is control over the performance in an agency, which I think we could get with respect to the expenditure of money, and secondly, the question of whether you will have savings or not. The letter that the Comptroller sent to the committee pointed out that you had unexpended balances of \$70 billion for fiscal 1958, in round figures \$73 billion in current appropriations, and then some other obligational authority, so that actually you had available for expenditure in the neighborhood of \$143 billion. I suppose it was Senator Ellender's belief that maybe in the unexpended carryover balance that savings could be effected. But actually if they are appropriated for a given function, for 1 year, 2 years, 3 years, as in the case of the mutual-security program, neither short-range nor long-range can you actually develop a savings. At least you cannot assure a saving. Because if you chipped off the unobligated balance they would have to increase their estimate for current appropriations to carry on the same kind of program. So while you might save a little one year, when you go to the end of the program, involving all of the lead time in the procurement of heavy material, actually there would not be a saving, would there?

Mr. MERRIAM. The saving, Senator Dirksen, would come about through congressional action to revoke programs for which appropriations have previously been made.

QUESTION OF SAVING

Senator DIRKSEN. You have to start on the assumption that the reason that the programs are before us, is that the Army, Navy, and Air Corps and others deemed those programs necessary, otherwise they would not have submitted them to this committee in the first instance.

Mr. MERRIAM. That is right.

Senator DIRKSEN. If you assume, and rightly assume, that these are valid programs, sooner or later they will have to be expressed in terms of money, so that if you go all the way, 4 or 5 years, before the whole program has been consummated, you will spend the same amount of money anyway.

The question then is: Where is the saving?

APPROPRIATION AND BUDGETARY PROCESS

Mr. MERRIAM. I think you have to go to the appropriation and budgetary process. As I indicated earlier, part of our problem is this whole procedure, in my opinion, is the tremendously long period of time that the budget-making process takes. As I indicated, almost 2½ years in advance of the completion date of a fiscal year we start asking the agencies what their requirements are going to be. There is just no doubt this is of necessity. Under our system now I see no way to do it otherwise. But it is inevitable that requirements which are developed that far in advance are going to be subject to some kind of revision. They are subject to revision up to the time that Congress completes action on appropriation bills, and they are also subject to further revision after Congress completes appropriation action.

Senator DIRKSEN. Where is the answer finally to the people who are right articulate? They come along, for instance, and ask a billion eight for the military. I am just using figures.

Senator ELLENDER. You have the right figure. That is what they requested.

CARRYOVER FUNDS

Senator DIRKSEN. They have 4 billion carryover. That is 5.8 billion. They say in the year they will spend 2.2 billion. So at the end of the year they will have a carryover of 3.6 billion. But they will tell you that they have programs to use the 3.6 billion over a period of time, whether it is 1, 2, or 3 years, because of the lag and lead time involved. That would not show any saving. They are going to spend it somewhere along the line.

The only way you could save is if you dropped out some of the things they are going to perform. But then you have to liquidate a part of the program.

Mr. MERRIAM. That is right. I think the answer is, Senator, that by and large, as I understand it, your appropriations committee would review carefully the plans of the agency for the use of the money they are asking for this year. Unquestionably you would ask them what unobligated amounts they had, and perhaps there would be some questioning as to what the programs were for the use of those unobligated balances. There is no requirement at present that you give a stamp of approval on the use of the unobligated balances.

FUNDS TO FURNISH ENGLAND WITH AIRPLANES

Senator ELLENDER. We have been doing that, Mr. Merriam, for the past 4 or 5 years. I am sure that Mr. McNeil and General Moore will testify to what we have done. For instance, just recently we found an appropriation made in 1954 to furnish England with airplanes. We thought it would be used for that purpose. This year they have used the money that we appropriated in 1954 for airplanes to start a

missile program in England without obtaining congressional approval.

Is it your view that they should come back to us? How would it be handled?

Mr. MERRIAM. You have a time factor here. On certain items there unquestionably has to be, in order to meet the problems of the Nation's defense, an area of flexibility.

The one thing which this proposal would do would be to require affirmative congressional action each year on the need for and the planned use of the money which had been appropriated for those aircraft.

SHIFT OF RESPONSIBILITY FROM EXECUTIVE TO CONGRESS

Senator ELLENDER. We can do that now, as I see it, Mr. Merriam, and in my humble judgment, the net result of this bill would be to shift the responsibility from the Executive to Congress. That is what it would amount to, in my humble judgment. We give you the money, and say, "you have asked for it, here it is." If you misspend it or do not spend it correctly, then you want to let Congress review it and let Congress assume some of the responsibility that is now in the executive department. Am I right or wrong?

Mr. MERRIAM. I would not phrase it that way. Certainly the Executive has never been accused—at least not very often—of timidity in exercising its own judgment in the use of these moneys. On the contrary, it is usually the other way around.

Senator ELLENDER. I agree with that.

Mr. MERRIAM. On the other hand, I do think there is a very real consideration which should be given by the committee and by the Congress not only to this review of the unobligated balance but to a determination of what the expenditure program should be for the ensuing year.

Senator ELLENDER. If we could review it and do something about it, I would agree with you. The trouble is we cannot do much about it.

Mr. MERRIAM. I would not accept such a humble estimate of your ability.

Senator DIRKSEN. I think every Member of the Senate, in view of the national interest in this thing—frankly, I have had three committees from home writing here on this item—and I am trying to get what I think is a good answer to give what we can expect.

TRANSFER OF FUNDS TO OTHER PROGRAMS

Returning to Senator Ellender's illustrations, let us use an outside figure of \$300 million with which to build airbases or airplanes which they decide not to use but want to transfer it to a rocket account. We can go into it. They can tell us. But they can tell you before they tell us in the Budget Bureau when they justify their request that they will not spend it for airplanes, they would rather have it for rockets. In the Budget Bureau in setting up the estimate you can let that \$300 million lapse, but you can include an entirely new item of \$300 million for missiles. But there has not been any saving. If they were in the position of transferring from one account to another, it would be the same as letting the first account lapse for airplanes and

setting up a new account in an equivalent amount for missiles. There would be no saving. You might get better performance by looking at it. I get back to the question, Where would the saving be, if any?

Mr. MERRIAM. I think I have to repeat it would again depend on the congressional action and the use of the tool. I do not know how that could be estimated in terms of dollars.

Senator DIRKSEN. But only as we reduced the program would you get any saving.

Mr. MERRIAM. That is correct.

TRANSFER AUTHORITY IN DEFENSE DEPARTMENT

Senator SALTONSTALL. If I may ask one more question. I would like to get this from the Bureau of the Budget, although I know Mr. McNeil will testify to it.

In your opinion, Mr. Merriam, does section 1 allow enough flexibility in the Defense Department to permit the Secretary of Defense to transfer between accounts that the President's reorganization bill and the President's message on the budget this year indicate that he would like to have the Secretary have?

TRANSFER OF EXPENDITURE CEILINGS

Mr. MERRIAM. I believe it does, Senator Saltonstall, for this reason. It would seem clear to me that under this procedure with an accrued expenditure limitation you would have to have, and the Department of Defense would want, the ability to transfer expenditure ceilings just as it wants to have the ability to transfer obligational authority.

Senator SALTONSTALL. In other words, there would have to be included in the act specific language permitting him to transfer, as is requested by the President in this year's budget.

Mr. MERRIAM. That would be one way. The other way which we think is feasible and perhaps more desirable would be for the appropriations act for that particular year itself to contain authority for transferability of expenditure limitations as well as what authority Congress will be willing to give on transfer of obligational authority.

Senator SALTONSTALL. Not only obligational authority but also expenditure limitations. So if you did that, the expenditure limitation would certainly lose some of its meaning. It would lose its meaning up to the amount that the Secretary could transfer.

Mr. MERRIAM. For a particular item, yes, but not in terms of the total.

NEED FOR ADDITIONAL LEGISLATION

Senator ELLENDER. Just one more question, Mr. Merriam. Could not the executive branch install the accrued expenditure method of accounting and obtain the objectives of the Hoover Commission without any additional legislation?

Mr. MERRIAM. Of course, the accrued expenditure basis of accounting could be installed for the executive review. It seems to me you would have an almost impossible situation—we are in fact developing one that already has some problems—if the executive keeps its books one way and the legislative committees appropriate another way, there are complications.

Senator ELLENDER. We depend on what you give us, as a rule.

USE OF COST-BASED BUDGETS

Mr. MERRIAM. Not always. We have had a number of sharp questions raised this year from the House Appropriations Committee on the use of cost-based budgets, for example, in which they have in effect thrown out the cost-based budget submitted by the executive and gone back to the old obligational pattern.

I think it is extremely important that there be unity between the Congress and the Executive.

BUDGET AND ACCOUNTING ACT

Senator ELLENDER. Under the Budget and Accounting Act of 1921, as amended, in section 113 (c), which I will ask be put in the record at this point, you are authorized to do the very thing that you are now requesting.

(The section referred to follows:)

113. (c) As soon as practicable after the date of enactment of this subsection, the head of each executive agency shall, in accordance with principles and standards prescribed by the Comptroller General, cause the accounts of such agency to be maintained on an accrual basis to show the resources, liabilities, and costs of operations of such agency with a view to facilitating the preparation of cost-based budgets as required by section 216 of the Budget and Accounting Act, 1921, as amended. The accounting system required by this subsection shall include adequate monetary property accounting records as an integral part of the system.

POLICY ON ACCRUED EXPENDITURE BASIS BUDGETS

Mr. MERRIAM. As far as our development of the budget is concerned, yes.

Senator ELLENDER. Certainly.

Mr. MERRIAM. As a matter of fact, the Congress, in Public Law 863 (84th Cong.), specifically stated as a matter of policy that it wanted the Executive to develop budgets on the basis of costs.

Senator ELLENDER. Exactly.

Mr. MERRIAM. That is correct. In my opinion, this would go further and extend that to the appropriations, and then it also goes to the question of the annual review of the unobligated balances and the establishment of expenditure ceilings.

Senator ELLENDER. If you had that available for us, as is now provided in the law, do you not think Congress might do a better job?

Mr. MERRIAM. We are providing a number of these now.

Senator ELLENDER. I know, but I mean if you go all the way.

Mr. MERRIAM. Not if the Congress throws them out and wants another set of figures.

Senator ELLENDER. I go back to the proposition, as I said a while ago, I do not know of a thing you suggest that we cannot now do.

HARMONY OF ACTION

Mr. MERRIAM. Certain of these things can be done by administrative action, Senator. I would go back to my earlier thesis that there should be a harmony of action between the Congress and the Executive and that the Congress should impose expenditure ceilings so that they will have a better idea of what will be spent in any one year. For example, Mr. Chairman, last year I am sure the public must have been somewhat bewildered when the Congress announced, factually, that it

had cut the appropriation bills by \$5 billion, but a few weeks later it was announced that expenditures for that year were going up. That was a pretty tough one to explain.

Senator ELLENDER. That is because you held back in previous years and expended it later.

Mr. MERRIAM. No; it is through a variety of reasons too complicated to go into here.

Senator ELLENDER. We will not go into that.

EFFECTIVE TECHNIQUE OF CUTTING APPROPRIATIONS

Senator DWORSHAK. Actually, Mr. Merriam, there is no more effective technique to save money than actually cutting appropriations. You cannot save money or curtail Federal spending unless you cut appropriations.

Mr. MERRIAM. I think that is right, except for making savings in programs after appropriations have been made for them. In terms of relative magnitudes, the amounts of savings that are available in a program once underway are infinitesimal compared to savings involved in not starting programs.

Senator DWORSHAK. Many taxpayers assume that by mere book-keeping legerdemain savings can be effected notwithstanding appropriations or administration, while actually the only way you can save money is to cut appropriations.

Mr. MERRIAM. I certainly agree with that.

ANSWERS TO QUESTIONS SUBMITTED

Chairman HAYDEN. I would like to ask as a final request, if you cannot do it tomorrow, to do it as soon as you can, and supply for the record answers to the questions I expressed at the beginning.

Mr. MERRIAM. Yes, sir.

May I express Mr. Stans' regret at his inability to be here. He is out of town.

(The information referred to follows:)

The information is set forth below in terms of the numbered items in the chairman's statement.

1. Neither the provisions of S. 434, as passed by the Senate, nor the provisions of H. R. 8002, as passed by the House, are intended to provide for control of the items referred to in this question.

Greater control over the items mentioned in question 1 could be exercised, however, apart from the proposal now before the committee. Authorizations to expend from public debt receipts could be abandoned in favor of specific appropriations. Contract authorizations are followed by appropriations, and such appropriations could be subjected to accrued expenditure limitations which would provide controls on an annual basis. Revolving and management funds could be subjected to annual limitations on their use. Annual appropriations with appropriate limitations could be substituted for many of the permanent appropriations now in use.

2. We do not perceive any conflict between the President's recommendation for enactment of the accrued expenditure proposal and his recommendations for greater flexibility in the use of appropriations for the military departments.

Regardless of whether appropriations continue to be made on the present basis or are made as provided for in H. R. 8002, the flexibility which the President has requested is desirable and could be provided for. Existing law and rules permit the use of transfer provisions for appropriations made in the same act in which the transfer provision is contained, and we believe transfers be-

tween accrued expenditure limitations would be permitted under H. R. 8002. To remove any possible doubt, H. R. 8002 could be amended to provide specifically for such transfers, and we have discussed the possibility of such an amendment with Senator Saltonstall and with the committee staff.

3. If H. R. 8002 had been in effect during fiscal year 1958, it would not have operated in any way to prevent the effective prosecution of the advance procurement program or the provisions for retroactive pay.

Both the advance procurement program and the retroactive pay in the fiscal year 1958 required specific action by the Appropriations Committees. In the case of retroactive pay, a general provision increasing all existing limitations in the amounts necessary to permit payment of salaries retroactively was specifically provided for in the legislation. Similar provisions could be applied if accrued expenditure limitations were in use. No additional clerical work would be required in such a situation.

We do not believe any significant amount of additional clerical work should result from the use of limitations on accrued expenditures. We can see no basis whatsoever for estimates indicating the necessity for 5,000 additional people in one department.

Under the accrued expenditure limitation procedure, additional clerical work may be necessary in some cases. However, we believe this will be insignificant in relation to the management benefits to be derived from this procedure. Furthermore, we would hope that refinements in accounting systems can be made so as to offset any additional work which may be required.

4. Under H. R. 8002, payment for deliveries after June 30 would be charged against the limitation for the fiscal year in which delivery was made, without any other specific action by the Congress.

Accrued expenditure limitations would be imposed at the appropriation level. The appropriations to which H. R. 8002 is most applicable generally are large in amount and cover thousands of contracts. Experience shows that within such appropriations early deliveries and slippages at the end of a fiscal year could be expected to offset each other to a considerable degree. In some cases, supplemental requests for a change in limitation may be necessary, but this should present no greater problem than under present practices, which frequently entail the need for supplemental action by the Congress.

5. In addition to existing controls on the placing of orders, the "annual accrued expenditure basis" would control the value of goods and services which could be received during a particular fiscal year.

The present obligation system emphasizes control over the placing of orders—either for a particular year in annual appropriations, or for an indefinite period in no-year appropriations. This is the basic difference between the two systems. The obligation system does not require congressional action on use of available funds after an appropriation is granted. The accrued-expenditure system would automatically entail annual congressional review and action on the goods and services to be received by an agency in a particular fiscal year—in addition to the annual congressional authorization for the placing of orders.

6. S. 434 would require annual review and action by the Congress on the entire program of an agency and the related budget estimates, based generally on the type of accounting information provided for in Public Law 863 of the 84th Congress.

Present appropriation practice is directed primarily toward justification of the financing of agency programs. Since no positive action is required on the use of previously enacted appropriations, the present system does not provide for the presentation of such information on the use of prior-year authorizations as would be required under the annual accrued-expenditure appropriation procedure. S. 434 is not directed to securing better accounting information: rather, it relates to a systematic procedure for presentation to, and positive action by, Congress on the type of accounting information now required by law to be developed by Government agencies.

7. S. 434 would not eliminate carryovers of unliquidated obligations.

The carryover balances of appropriations would be eliminated, but there would be carryover balances of contract authority which would be roughly comparable in amount. However, expenditures against such authority would be controlled on an annual basis.

8. Under S. 434, the President would select the appropriations to be converted to the annual accrued-expenditure basis.

The annual accrued-expenditure procedure would be applied on an evolutionary basis over a considerable period of time. Experience would determine

the extent to which it would be desirable and practicable to extend this procedure to the numerous small annual appropriation items.

STATEMENT OF W. J. McNEIL, ASSISTANT SECRETARY OF DEFENSE

GENERAL STATEMENT

Chairman HAYDEN. Mr. McNeil, we are glad to hear from you.

Mr. McNEIL. Thank you, Mr. Chairman. I have a short prepared statement that will answer some of the questions raised in your opening statement.

The Senate and the House have each passed legislation relating to accrued expenditures in connection with appropriations. These separate proposals involve different approaches to the making of appropriations. The Senate bill, S. 434, passed the Senate but was not taken up by the House. The House bill, H. R. 8002, was reported out by the House Committee on Government Operations in substantially identical form to the Senate bill.

In the face of opposition to the bill reported by the Government Operations Committee, that committee discarded its bill and supported the substitute bill which was offered by Mr. Wigglesworth with administration support. This substitute was passed by the House and is the bill which is now being considered by your committee.

PROVISIONS OF HOUSE BILL

This proposed bill:

(1) Provides for appropriations to be made in the same manner as at present and would continue to be available for incurring obligations in the normal manner;

(2) Does not involve the use of unfunded "contract authority" in whole or in part;

(3) Provides that payments, or the liquidation of obligations, would be made in the same manner as at present, subject, however, to a limitation on the annual accrued expenditures for each appropriation when such a limitation is included in the appropriation act; and

(4) That whenever the President determines that a satisfactory system of accrual accounting has been established, each proposed appropriation request thereafter transmitted to the Congress shall be accompanied by a proposed limitation on the annual accrued expenditures.

The proposal also contains authority to make provision in appropriation acts for rescission, transfers, or reappropriations of unexpended balances found to be no longer needed for their original purposes.

FLEXIBILITY IN APPLICATION OF EXPENDITURE LIMITATION

The Department of Defense was asked to provide its views on this amendment while the legislation was being debated on the floor of the House and it was our view that it overcame some of the major weakness and defects of the previous proposals. However, the Department of Defense pointed out that it would be necessary to provide for flexibility in the application of any expenditure limitation, particularly in light of rapid changes in technology and to permit adjustments in various programs funded from different appropriations.

The position of the Department of Defense was stated in a letter signed by Deputy Secretary Quarles, dated March 5, 1958, a copy of which is available for your record.

(The letter referred to follows:)

THE SECRETARY OF DEFENSE,
Washington, March 5, 1958.

HON. GLENNARD P. LIPSCOMB,
House of Representatives.

DEAR MR. LIPSCOMB: Reference is made to your telegraphic inquiry for comments of the Department of Defense with respect to H. R. 8002. It is understood from the Bureau of the Budget that your request refers to a proposed amended version, copy of which is enclosed.

From a reading of the amended version, the language of which we understand has been worked out with the Bureau of the Budget, it is understood (1) that whenever the President determines that a satisfactory system of accrual accounting has been established, each proposed appropriation request thereafter transmitted to the Congress shall be accompanied by a proposed limitation on the annual accrued expenditures; (2) that the appropriations would be made in the same manner as at present and would continue to be available for incurring obligations in the normal manner; (3) that the proposal does not involve the use of unfunded "contract authority" in whole or in part, and (4) that payments, or the liquidation of obligations, would be made in the same manner as at present, subject, however, to a limitation on the annual accrued expenditures for each appropriation when such a limitation is included in the appropriation act.

The proposed amendment also contains authority to make provision in appropriation note for rescissions, transfers, or reappropriations of unexpended balances found to be no longer needed for their original purposes. This provision we understand would formalize a procedure which has been in existence for some time whereby rescissions, transfers, or reappropriations have been effected under new appropriation bills.

The language of section 3 of the proposed amendment which would provide for appropriations to be made, and obligations to be incurred, in the same manner as at present, is of vital importance in the Department of Defense for the proper execution of programs for the procurement and production of all major items of equipment as well as for research and construction.

However, because of the need for some flexibility to take advantage of scientific and technological progress, and to permit adjustments as necessary in various programs funded from different appropriations, authority for transfer of expenditure limitations between appropriations within the Department is necessary for the efficient and economical operation of the overall military program. Therefore, "it would be hoped that the proposed amendment could be interpreted to permit the inclusion in an appropriation bill of authority to transfer, during a given year, with the approval of the President, an unexpended portion of an expenditure limitation from one appropriation to another within an executive department, provided the total expenditure limitation for all appropriations to that executive department is not exceeded." In our opinion, this would be consistent with the request contained in the President's budget message for the Department of Defense to be granted authority to make transfers of obligational authority between appropriations. While the legislative history, including floor debate, might make this clear, you may find it desirable to add clarifying language on this point.

In the light of the foregoing understandings with respect to the effect of the proposed amended version, and subject to the comment with respect to transfer authority, the Department of Defense supports the amendment as in accord with the program of the President.

Sincerely yours,

DONALD A. QUARLES, *Deputy.*

PROVISIONS OF SENATE BILL

Mr. McNEIL. Under the provisions of H. R. 8002 as now being considered by the Senate:

(1) Appropriations would continue to be made in the same manner as at present and be available for incurring obligations in the normal

manner. This is of vital importance in the Department of Defense for the proper execution of programs with continuing type appropriations for the procurement and production of all major items of equipment as well as for research, development, and construction. This avoids the evil of the so-called June buying rush.

(2) The use of unfunded contract authority in whole or in part would not be involved. Here again the legislation would adhere to the accepted principles of full funding of programs at the time of their initiation and would avoid the serious internal difficulties of administering appropriations made on a part cash and part contract authority basis as well as avoid the disadvantages outlined by Mr. Taber and Mr. Cannon on the floor of the House and the House Appropriations Committee in House Report No. 216.

(3) Under the legislation as proposed the timing and method of establishing this system are at the direction of the President, who has stated that he would, of course, expect a budget system based on annual accrued expenditures to be developed and applied by the Department of Defense in a manner consistent with the effective operations of this Department.

INCREASED EMPHASIS ON EXPENDITURE CONTROL

A basic advantage which can be derived from the enactment of legislation of this character is that under the proposed legislation there would be increased emphasis both in the executive branch and in the Congress on the expenditure side of the problem—and this could serve an overall useful purpose. It would result in Congress sharing in the expenditure problem whereas today if expenditure limitations are to be imposed, it is solely the responsibility of the executive branch and in our case, the burden really rests with the Department of Defense.

In implementing this legislation the following factors must be recognized:

ALLOTMENT-TYPE CONTROLS OVER EXPENDITURES

(1) Allotment controls covering accrued expenditures in addition to the allotment system used to control obligations, would be required. This is so because an expenditure limitation must cover the expenditures from current obligational authority as well as from obligational authority utilized from prior years. The imposition of separate allotment controls on expenditures would, of course, be worldwide in all defense activities and, as in the case of obligational authority, each subdivision would have to include an amount for contingencies which might never occur, with the result that some portion of the expenditure authority could never be used, since it would expire at the end of the fiscal year. This "breakage" is the normal result of operating under any widespread allotment or limitation procedure. This means that, unless the expenditure limitation included an amount to offset the breakage there would be the equivalent curtailment of programs. In our opinion additional paperwork and personnel would be required to administer the proposal.

FLEXIBLE EXPENDITURE LIMITATIONS

(2) Expenditure limitations—whether by appropriation or for the Department as a whole—would have to be sufficiently high to provide for the actual expenditures plus an amount equal to the value of goods and services delivered but not paid for by the end of a fiscal year.

The feature of the proposal, as it now stands, with its corresponding legislative history, which would adversely affect efficient and economical administration of the overall military program is the provision for an expenditure limitation on each appropriation. The President has requested reasonable flexibility between appropriations and between services. In the Department of Defense the need for flexibility is inherent both in obligations and in expenditures—in fact, the need for flexibility in expenditures between programs is much more necessary than in the case of obligations. The necessity for flexibility in the case of obligational authority has been recognized for several years. The need for increased flexibility was recognized by the House in their action on the Defense bill this year and the Senate currently had the request under consideration. The timing of the making of obligations can be controlled, but the progress and implementation of programs depend on many factors beyond the control of the Department of Defense—as, for example, weather in the case of construction and technological problems or breakthroughs in the case of new weapons.

Legislation enacted by the Congress providing for accrued expenditure limitations should be on the basis of the foregoing understandings and, in any event, in a form which recognizes the need for the degree of flexibility in the administration of defense appropriations stated by the President to be necessary. This could be accomplished by a single expenditure limitation for the Department as a whole. On the assumption that provision will be made for this necessary flexibility to make possible the efficient and economical administration of the overall military program, the Department of Defense supports the House version of the legislation.

DEPARTMENTWIDE ACCRUED EXPENDITURE LIMITATION

Chairman HAYDEN. I take it that you have answered the question I asked about referring to the three messages that the President had delivered, and the substance of your answer is that it should be a single expenditure limitation for the Department of Defense as a whole. Why would that not be applicable to all departments of Government?

Mr. McNEIL. I think it would, sir. I thought I could speak more intimately about affairs in the Department of Defense.

Chairman HAYDEN. That is, if we were to have an accrued expenditure limitation on each individual department rather than make a general law that would meet your wishes?

Mr. McNEIL. Yes, sir.

PROPOSED LANGUAGE

Chairman HAYDEN. Will you suggest the text of an amendment to the House bill that will accomplish that purpose?

Mr. McNEIL. We can, sir. I will submit it, perhaps tomorrow, if it is satisfactory.

Chairman HAYDEN. And if you will be kind enough also to submit such comments as you may think proper with respect to the questions I raised in my statement, I would appreciate it.

(The requested material follows:)

ASSISTANT SECRETARY OF DEFENSE,
Washington, D. C.

HON. CARL HAYDEN,
Chairman, Appropriations Committee,
United States Senate.

DEAR MR. CHAIRMAN: During the course of the Appropriations Committee hearing on H. R. 8002, a bill to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, the Department of Defense was requested to submit an amendment to the bill to provide for an accrued expenditure limitation on each individual department as a whole. Comments were also requested on the questions contained in the opening statement of the chairman of the committee.

There is attached hereto the draft amendments requested by the chairman which, in the opinion of this Department, would clearly provide that when it has been determined by the President that satisfactory accrual accounting systems have been established, the appropriation estimates for each agency would be accompanied by a proposed single limitation on accrued expenditures for the fiscal year concerned for the Department as a whole. The amendment would also provide for the administration of the limitation as a single limitation on the Department as a whole and would make the necessary amendment to section 2 (a) of the bill relating to congressional rules so as to authorize the inclusion in appropriation acts of a single limitation on accrued expenditures for a Department as a whole.

As indicated in the testimony, the proposed amendment would constitute a means of achieving the flexibility necessary to permit the successful administration of the legislation, if enacted.

There are also enclosed herewith, as requested, comments on the questions raised in the opening statement. Particular attention is invited to the comment on question 8 with respect to the adaptability of annual accrued expenditure basis of appropriation to the continuing type or no-year appropriations. Contrary to the premise of this question, it cannot be too strongly emphasized that the major complexities of the annual accrued expenditures basis system of appropriation would be involved in the application of such a system to the programs for aircraft, missiles, ships, research and development, and construction in the Department of Defense. It is precisely because of its concern that these vital programs might be impeded or curtailed that the Department of Defense has attempted throughout its testimony on these proposals to point out the means of applying the principle in continuing type appropriations without a return to the outmoded practices of partial funding, the use of part cash and part contract authority, and the June buying rushes. On the other hand, the Department of Defense has recognized that the adaptation of the principle to the annual or "Salaries and expenses" type appropriation would be much easier.

Sincerely,

W. J. McNEIL.

DEPARTMENT OF DEFENSE COMMENTS ON QUESTIONS RAISED IN THE OPENING
STATEMENT OF SENATOR HAYDEN AT THE HEARING ON H. R. 8002

(The answers are numbered to correspond to the questions)

1. The Department of Defense can offer no constructive suggestions with respect to the effective way to control expenditures from (a) authorizations to expend from public-debt receipts, (b) contract authorizations, (c) revolving and management funds, and (d) permanent appropriations.

2. As indicated in its testimony on the Defense Appropriation Act for fiscal year 1959, the Department of Defense has currently requested congressional consideration of its proposal to provide increased flexibility for use of obligational authority through enlargement of the emergency fund technique which has been provided by the Congress in previous appropriation acts.

The matter of increased flexibility in the case of proposed accrued expenditure limitations was discussed during the course of the hearings on H. R. 8002 and the

draft amendment requested by the chairman of the committee would provide such flexibility needed in the Department of Defense.

3. As indicated in the testimony, congressional action in the form of supplemental amendments to previously established expenditure limitations would have been necessary as a result of the enactment of the Federal Employees Salary Increase Act of 1958 with its retroactive feature.

Also, as indicated in the testimony, more clerical work would be required in the Department of Defense to administer an accrued expenditure limitation, since such a system would require expenditure controls separate from those now existing on obligational authority.

4. As indicated in Department of Defense testimony, under a situation where goods and services were expected to be delivered during 1 fiscal year but were not actually delivered until the subsequent fiscal year, no provision in the accrued expenditure limitation for the subsequent year would have been made and there would be a requirement for congressional action to cover any deficiency in the accrued expenditure limitation occasioned by such unanticipated contingencies. In the event congressional action would not take into consideration covering the deficiency, it would be necessary to curtail programs or cancel contracts calling for deliveries in excess of the limitation.

5. There is attached hereto a brief analysis of S. 434, which covers this question.

6. It is unlikely that more information might be available under a system calling for an accrued expenditure limitation, although, as indicated in the testimony of the Bureau of the Budget, perhaps a more detailed examination of the available information might be required.

7. As indicated in the testimony, this legislation would have no particular effect on reduction of the carryover or unliquidated contract authority.

8. With respect to this question, the Department of Defense would like to point out that the system of "annual accrued expenditure basis" of appropriation would be much more adaptable to the numerous annual appropriations of the executive departments such as salaries and expenses rather than to the appropriations which involve long-lead-time procurement. There would be little, if any, complication involved in the adaptation of annual accounts to the accrued expenditure basis since, in general, the major portion of these appropriations are expended prior to the end of the fiscal year in which they are made. However, it is in the appropriations of the continuing type or no-year appropriations which support programs covering periods of years where the complexities of administering the appropriations on an annual accrued expenditure basis arise. (The analysis of S. 434 attached as answer to question No. 5 covers this point in more detail.)

REQUESTED AMENDMENT TO H. R. 8002

At page 1, line 6, delete :

"(b) Whenever the President determines there has been established a satisfactory system of accrual accounting for an appropriation or fund account, each proposed appropriation thereafter transmitted to the Congress for such account pursuant to the provisions of this Act shall be accompanied by a proposed limitation on annual accrued expenditures."

and insert in lieu thereof the following :

"(b) Whenever the President determines there have been established satisfactory systems of accrual accounting for appropriations or fund accounts of a department or establishment, proposed appropriations thereafter transmitted to the Congress for such accounts pursuant to the provisions of this Act shall be accompanied by a proposed single limitation on the total annual accrued expenditures in such accounts for the department or establishment as a whole."

At page 2, line 3, delete the words : "Whenever an appropriation is subject to a limitation", and insert in lieu thereof the following : "Whenever the appropriations of a department or establishment are subject to a single limitation".

At page 2, line 10, before the word "limitation" insert the word "single".

At page 2, line 16, before the word "limitation" insert the word "single".

At page 2, line 21, before the word "limitation" insert the word "single".

At page 3, line 7, delete the word "limitations" and insert in lieu thereof "a single limitation for each department or establishment".

ANALYSIS OF S. 434

(Passed by the Senate and identical to the bill reported by the House Committee but not accepted by the House)

The Department of Defense was first called upon to testify on this provision when it appeared as a part of legislation proposed in the 2d session of the 84th Congress. Since the proposal was in such general terms as to make it practically impossible to determine how it was to be implemented, Department of Defense testimony at that time was designed to point out the need for development of a specific plan for implementation. In the absence of a specific plan, the proposal was dropped from the legislation which included other Hoover Commission recommendations enacted in the 84th Congress as Public Law 863.

The proposal was reintroduced in the 85th Congress as S. 434 and, as a result of the continuing attempts on the part of the Department of Defense to learn how it was proposed to be implemented, the proponents, in March 1957, finally provided a statement as to the manner in which the legislation would be implemented. That statement was as follows:

"(1) Appropriations on an accrued-expenditure basis would be obligated and expended for goods and services which would be delivered in the current year whether such goods and services were ordered under obligating authority in prior years or under current-year appropriations. In other words, orders placed in prior years which are to be delivered in the current year become charges against current-year appropriations and additional obligations for goods and services to be delivered in the current year may be entered into to the extent of the difference between (1) the total of the appropriation, and (2) the orders from prior year obligating authority which are to be delivered during the current year.

"(2) *The legislation authorized inclusion in appropriation acts of contract authority. The amount of such authority would be in addition to the appropriation for annual accrued expenditures. The contract authority would be used to cover obligations for goods and services which would be received in subsequent years.*

"(3) *Where a specific contract contemplated receipt of goods and services both in the current year and in subsequent years, the obligational authority therefor would be derived (1) from the appropriation on an annual accrued expenditure basis for goods and services to be delivered in the current year, and (2) from the contract authority for goods and services to be delivered in subsequent years.*

"(4) *Whether the unused balance of the contract authority at the end of the year would lapse or be carried forward would depend upon the terms of the appropriation Act. However, in view of the stated objective of the Hoover Commission to control Government programs on an annual basis, it seems unlikely that there would be any inclination to continue the unused balance of the contract authority beyond the close of the current fiscal year.*

"(5) *Whether the contract authority would be sufficient to complete a project or simply to cover the obligations (over and above accrued expenditures in the current year) to be incurred in the current year is a question which would be decided—as it is presently—in connection with each specific appropriation. Either basis for stating the contract authority would fit the contemplated procedure.*

"(6) *Under subsection 1 (c), the appropriation would lapse at the end of the year. Payment for goods and services which were intended for delivery within the year but not received until the following year would be charged against the appropriation for the following year. Similarly, unused contract authority which lapsed at the end of the year would have to be justified for the succeeding year.*

"(7) *Allotment controls would be required, as at present, but they would be divided into two parts—one to control deliveries to be accepted during the year regardless of whether the orders were placed in the current year or prior years, and the other to control obligations for goods and services to be ordered during the year under contract authority for delivery in subsequent years."*

(While it is obviously difficult to simplify the foregoing statement, it is clear that in the case of any item whose production cycle is for a period longer than 1 year, the funds would have to be derived from 4 sources; i. e., the obligational authority made available in the first year, the expenditure authority made available in the first year, the obligational authority made available in the second year, and the expenditure authority made available in the second year. If the production cycle was for 3 years, the funds would be derived from

6 sources and, to the extent that all bills were not paid in the third year, there would be a seventh source of funds.)

Further, the Department of Defense in its testimony—in line with the then administration position—did not oppose the principle of making appropriations either on a cash or accrued expenditure basis, but believed it a duty to point out that, if implemented as indicated :

(1) The legislation would cut squarely across the full funding principles adhered to consistently by the Department of Defense and the Appropriations Committees :

(2) The lapsing of obligational authority on June 30 would reinstate the June buying rush with all of its evils ;

(3) It would provide a return to the system of making appropriations on a part cash and part contract authority basis which has been found completely unsatisfactory from earlier experiences, both in defense and governmentwide, as indicated in the statements of the views of Messrs. Cannon and Taber.

"This testimony from an ardent supporter of the Hoover Commission report ought effectively to lay to rest the wholly absurd claim of saving of \$4 billion. The Budget Director says he never has been willing to say there would be any savings—it is too intangible. But even more persuasive is the view of the gentleman from New York [Mr. Taber] who, from long experience on the Committee on Appropriations, had no trouble in quickly and accurately sizing up the fallacious and preposterous dimensions of this proposition. He has unequivocally opposed the suggested change, perhaps not so much on account of the absurd claim of expenditure reduction but more because it would mean an automatic return to the use of granting contract authority, a procedure abandoned generally some years ago. The Congress found from hard experience that contract authority costs the taxpayers more money in the long run. In this respect, the present system is much to be preferred" (p. 6132, Congressional Record, May 14, 1957).

See also the following views of the entire House Committee on Appropriations (H. Rept. No. 216, March 21, 1957, p. 5) :

"Contract authority is a workable device but not the most economical. It is an old and familiar friend to the Committee on Appropriations and the Congress. It was used extensively for many years. It has been found wanting. It was generally abandoned in appropriation bills back in 1951, although its use is growing in substantive legislative bills. Far from contributing to economy and retrenchment, it tends to the opposite effect. It ties the hands of the President and the Congress in making up and considering future appropriation budgets by introducing undesirable rigidities into the budget picture. It is a snare and a delusion. Its 'appeal' is one of its principal defects. It is often viewed as 'merely an authorization,' with the consequent tendency to pass over it more lightly, to fail to give it the same thorough examination as a direct appropriation. Psychologically, the situation can be likened to a charge account at the store—relatively easy to open because it is not necessary to have the cash in hand. Moreover, subsequent appropriation requests to pay the bills incurred under prior contract authority are frequently viewed as being beyond reach—the attitude that 'we have no choice but to pay the bill.' That has been the practical effect of using it in many instances."

The Department of Defense position on this initial proposal was summed up as follows :

"We believe the present basis system of appropriating obligational authority—granting that improvements might be made—is in the best interests of the taxpayer whether or not accrual expenditures are recorded and utilized as part of the budget process. If the Congress chooses, however, to provide obligational authority in some other manner it would not, in our opinion, be in the best interest of the Government to do so by providing part so-called cash appropriations and part contract authority.

"If the Congress chooses to provide obligational authority on a contract authority basis and appropriate on an annual expenditure basis the accrued expenditure basis is not important—there is a suggestion we might make which would involve consideration of the overall cost of each program presented and at the same time involve full consideration and review of expenditures. It is simply to provide obligational authority *in full amount* (not part cash and part contract authority) for programs authorized by Congress—on a no-year basis for procurement, construction and research in our case—in a manner somewhat similar to the present act, but in a part II of the act to provide after examination and

review of programs—the aggregate amount approved for expenditure for each department for the fiscal year—either on a cash expenditure basis or on an accrued expenditure basis.”

Chairman HAYDEN. Are there any other questions?

PRESIDENT'S REQUEST FOR TRANSFERABILITY

Mr. McNEIL. I notice you raised several points in your opening statement. I might comment on 3 or 4 of them, if you desire.

Chairman HAYDEN. Yes.

Mr. McNEIL. I might say in connection with this amendment we will work with the Bureau of the Budget to be sure that we get the language as near right as we can.

Chairman HAYDEN. Very well.

Mr. McNEIL. You mentioned in your opening statement whether this present bill was consistent with the President's request for transferability. I do not believe it is. This amendment you suggest we submit, would take that into account.

SUPPLEMENTAL APPROPRIATION PROBLEMS

On the question of whether in the case of retroactive pay, for example, a supplemental or some such action would be necessary in the case of an expenditure ceiling, I think the answer must be, “Yes.”

You asked whether more or less clerical work would be necessary. I believe I answered that in my statement. It would require the necessary personnel to operate a separate expenditure system because it will have to be under control.

You asked the question in instances where goods and services are expected to be delivered by June 30, were not actually delivered until a subsequent fiscal year, what action would be required in order to pay the contractor. Would it be necessary in each instance to obtain in a supplemental appropriations bill a provision providing for an increase in the accrued-expenditure limitation for the following year. I believe the answer to that would have to be “Yes.” Not on a specific transaction, but in total, “Yes.”

If you had \$500 million worth of material which could not be delivered by June 30, and we did not know about it in the spring when the budget was submitted, we would have to ask for an amendment in the bill to provide for the increased limitation in the following year, even though we had not used all of the previous year's limitation.

EFFECT OF FAILURE OF CONGRESS TO ACT

Chairman HAYDEN. How would it work if the Congress failed to provide the money? Would not everything be tied up?

Mr. McNEIL. Yes. You would either have to cancel contracts or do something else.

Chairman HAYDEN. It would have to be done on time.

Mr. McNEIL. That is right. That is one of the inherent problems here. In trying to be helpful as we could we suggested if the Congress desired an overall limitation on expenditures, it could work. We could make it work. It may have some advantages as pointed out.

Senator SALTONSTALL. Is it fair to Congress—this is perhaps in fairly broad language—to have us make one limitation? For in-

stance, you have a budget of \$38 billion in round figures. To say you shall not exceed the expenditures under that \$38 billion or that this year they shall be \$34 billion, is it fair to Congress, or does Congress really do anything when it puts on a thing so big as that and so general? Why could it not be covered just as well by having, as Mr. Merriam suggested, the opportunity for Congress, within certain limitations—we will say \$2 billion in the President's budget—to transfer on expenditure limitations from one of your items to another of your items? You have 27 items; do you not?

Mr. McNEIL. Twenty-seven large ones and about twenty-one covering smaller amounts. However, of the total of 48—37 deal with activities of major importance and 11 with lesser significance.

Senator SALTONSTALL. Yes. Supposing you had expenditure limitations on each of those 27 items and we put in a section saying, "You shall transfer \$2 billion from 1 appropriation and 1 expenditure limitation to another." That would accomplish your objective; would it not?

Mr. McNEIL. I believe the bill would still require an amendment.

Senator SALTONSTALL. The bill would require amendment; yes.

TRANSFER OF EXPENDITURE LIMITATION

Mr. McNEIL. You could arrange for transferability of expenditure limitation between appropriations with a total not to be exceeded. That would accomplish the same result. It is almost one and the same.

Senator SALTONSTALL. When you say under one appropriation of \$38 billion, in round figures, that seems to me unfair to Congress, because you are simply saying Congress shall say you shall spend only \$36 billion a year. It cannot possibly know what it is talking about when you do the whole thing. If you cut them down it is a better idea.

Mr. McNEIL. I think the total would be made up of the estimates of expenditures on each individual appropriation.

Senator SALTONSTALL. On each of the 27 items.

Mr. McNEIL. Yes; plus the 21 lesser ones. It would be built up in that way. The transferability of expenditure limitations, which I repeat, is more necessary than transferability of obligational authority—

Senator SALTONSTALL. There would require an amendment in subsection (b) on page 1, line 6, through line 2 on page 2. That is where your amendment would have to come in; would it not?

Mr. McNEIL. I will have to work on that. I do not believe I can give you an answer "off the cuff."

Senator DIRKSEN. Of course, Mr. McNeil, you set an overall limitation and then you expand and amplify your transfer authority, so we are no longer talking about limitations.

Mr. McNEIL. For a total; yes, sir.

Senator DIRKSEN. Yes. In other words, limitations then just became nothing more than a term.

Mr. McNEIL. It becomes a limitation on the total expenditure, sir.

Senator ELLENDER. That can be fixed by the Executive as it has been in the past.

Mr. McNEIL. Yes.

ADDITIONAL EMPLOYEES REQUIRED

Senator ELLENDER. I would like to ask you two questions, Mr. McNeil. You stated in your testimony that it would require additional employees in the Defense Department. What is your estimate as to the number that would be required?

Mr. McNEIL. I have tried to get a reasonable fix on it. It will run into several thousand, counting those all over the world.

Senator ELLENDER. Several thousand?

Mr. McNEIL. Yes; it cannot help but be.

Senator ELLENDER. Would you say 5,000 or 6,000?

Mr. McNEIL. I should think it would run that high or perhaps a little more. It would be not quite as many again as it takes to operate an allotment system for obligations.

Senator ELLENDER. The next question is: How much money would we save if we passed H. R. 8002?

Mr. McNEIL. There is no direct saving that I know that can be made. A little while ago there was mentioned this aircraft deal. The only thing that saves money is a decision to cancel once it is known not to work.

I believe in that case it was canceled as soon as it was reasonably certain that that engine did not have enough power to make the aircraft operate.

Senator ELLENDER. Congress could not have helped you?

Mr. McNEIL. I think it was canceled as quickly as it could have been done. I know about that case pretty well.

Senator ELLENDER. If it is necessary for you to hire from 5,000 to 7,000 more people to carry out the provisions of H. R. 8002 would that not be an additional expense?

Mr. McNEIL. In that sense, yes. We might not hire any more but they would do less of some other kind of work.

You can also do that. There could be some management improvements that would result from a closer watch on expenditures. It might balance out. You might have a profit. I could not assure that you would have a profit, however.

Chairman HAYDEN. Are there any further questions of Mr. McNeil?

CARRYOVER AUTHORITY

Mr. McNEIL. I have one other point, sir. There has been discussed sometimes the question about carryover.

Senator Ellender keeps on our toes on that question. I appreciate it because we probably watch it just a little bit closer because of it.

I am sure we do.

Whether you use contact authority or the present method of appropriations, the carryover will be identical under each operation. It will just be using a different term for it. You will not get rid of carryover authority.

Senator ELLENDER. But you will be able to lessen it some?

Mr. McNEIL. Not because of this bill.

Senator ELLENDER. No.

Mr. McNEIL. We might be able to lessen it because of running the business a little different. You have helped us to get it down.

Senator ELLENDER. Yes.

I thank you for the compliment, Mr. McNeil.

OPPOSITION TO BILLS

Chairman HAYDEN. I will insert a letter in the record I have received from the United Aircraft Corp., together with a detailed statement in opposition to these bills.

(The material referred to follows:)

UNITED AIRCRAFT CORP.,
East Hartford, Conn., July 8, 1958.

Re S. 434 and H. R. 8002.

Hon. CARL HAYDEN,
Chairman, Senate Appropriations Committee,
Washington, D. C.

DEAR SENATOR HAYDEN: We respectfully submit for your consideration and that of your committee a statement with respect to S. 434 and H. R. 8002, both dealing with the annual accrued expenditure system of appropriation or expenditure control.

We feel strongly that S. 434 would impose insuperable financial burdens on manufacturers of long lead-time items, would disrupt production, and would adversely affect the costs of Government procurement. H. R. 8002, as it passed the House of Representatives, works an improvement upon S. 434, but still places serious risks upon defense contractors.

We invite your attention to the enclosed statement which gives the reasons for our concern over the bills. We have attempted to keep this statement brief by confining it to the single aspect most pertinent and most hazardous to Government contractors. Additional information and details will gladly be supplied if desired.

Sincerely,

ROBERT E. BEACH, *Corporation Counsel.*

UNITED AIRCRAFT CORPORATION STATEMENT IN OPPOSITION TO S. 434 AND
H. R. 8002 (ANNUAL ACCRUED EXPENDITURES)

Recommendation No. 7 in the report on budget and accounting of the Second Hoover Commission reads:

"That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures, namely, charges for the cost of goods and services estimated to be received."

Legislation designed to put this recommendation into effect was introduced in 1956, but failed of passage in the House of Representatives. A modified version of the 1956 bill passed the Senate in 1957. A similar bill (H. R. 8002) was considered by the House in March 1958, which drastically revised the bill by substituting the Wigglesworth amendment for its complete text. H. R. 8002 as so amended is before the Senate for consideration. To avoid confusion, this will be referred to as the Wigglesworth amendment.

It is our understanding that the provisions of S. 434 (Kennedy bill) as well as the Wigglesworth amendment may be considered by the Senate Appropriations Committee in the course of current hearings. We are strongly opposed to S. 434 and hope that it will not pass. The Wigglesworth amendment seems to correct one of the major defects of S. 434 and so is less objectionable, but we do not urge its passage. The basis for our objection lies in the financial hardship which would be imposed upon all defense contractors supplying long lead-time items to the Government.

The proponents of this legislation have made extravagant claims regarding the benefits to be realized from its passage. They have said that billions will be saved, and Congress will recover control of the purse strings. We are not opposed to these objectives, although we do not understand how this bill will accomplish all that, and we observe that others, including the House Committee on Appropriations, have similar doubts. However, we do not feel qualified to express an opinion on the effect this bill may have on internal government operations. But we are vitally concerned with its impact on procurement.

The portions of S. 434 affecting procurement seem to be the following:

"SEC. 1 * * *

"(c) The amount of proposed appropriations referred to in sections 201 (a) and 203 of this Act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis.

"Annual accrued expenditures shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year: * * *"

"(c) As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless hereafter provided otherwise in an appropriation act or other law. * * *

"SEC. 2. (a) Whenever an appropriation bill or an amendment thereto provides for an appropriation in terms of annual accrued expenditures, or specifies than an appropriation therein is based upon annual accrued expenditures, it shall be in order to provide in any such appropriation bill or in any amendment thereto the authority to enter into contracts for the purposes of such appropriation in an amount in addition to the amount of such appropriation."

These provisions are usually vague and leave much room for interpretation. However, it appears from them and from testimony adduced at prior legislative hearings that appropriations for acquisition of aircraft and other supplies during any fiscal year would be passed by the Congress in June of the preceding fiscal year. The funds so appropriated for each fiscal year and not represented by accrued expenditures in that year would lapse on June 30—the last day of the year. On July 1, the first day of the next year, all new and continuing expenditures estimated for that year would have to be covered by new appropriations. To the extent that long lead time items (and in the aircraft industry lead times of 10 to 18 months are common) would be ordered by the military services pursuant to contract authorizations, no funds would be available for expenditure except as specifically included in the annual accrued expenditure budget and appropriation for each separate fiscal year.

This situation may be made a little clearer by using a concrete example:

Let us assume that the legislation has been enacted and that in fiscal year 1958 a military service enters into a contract with a manufacturer for aircraft engines in the amount of \$10 million. In the contract provision is made for estimated accrued expenditures thereunder during fiscal year 1958 in the amount of \$2 million, and this is covered by a cash appropriation in like amount, any unexpended portion of which will lapse on June 30, 1958. The remaining \$8 million will be covered in the contract by contract authority. In preparing the budget and appropriation bill for fiscal year 1959, it is estimated that the accrued expenditures under the contract will amount to \$5 million for that year, so a cash appropriation is provided of \$5 million. After the beginning of fiscal year 1959, the contract must be amended to reflect the additional \$5 million cash appropriation. For fiscal year 1960 a cash appropriation of \$3 million is provided, and another contract amendment must be executed to add the \$3 million cash appropriation.

As a matter of abstract theory, the annual accrued expenditure method may seem satisfactory. However, when one begins to apply it in the light of experience, the practical disadvantages and hazards become clear. It is a system which sounds good on paper but will not work in practice. It is quite all right, for example, to visualize a closing of the books on June 30, and the opening of a new set on July 1. The resultant paperwork would be heavy but perhaps not insurmountable. However, far more than this would be involved under S. 434. The closing of the books on June 30 would also shut off the flow of funds under continuing contracts for work performed and deliveries made after June 30. The opening of the new books on July 1 could not possibly start the flow of new funds immediately. It would be only the first step in a complete series of administrative actions leading finally to the flow of funds from the Treasury. The steps which every new appropriation must go through before it can be translated into cash payments include analysis and apportionments by the Bureau of the Budget, the Department of Defense, and the numerous military agencies and bureaus thereof. When the appropriations are finally properly distributed among hundreds of buying offices, they must then be assigned to procurement programs (and then only after having resolved the attendant problems of which programs to eliminate, which to reduce, which to accelerate, and which new ones to start). Then the elephantine process of writing or amending thousands upon thousands of contracts must be undertaken. Eventually, with his executed document in hand, the contractor for the first time since July 1 is able to collect payments. It has been our experience that 3 to 9 months are required to complete this administrative work. It would be most unrealistic to expect any shortening of the time lag under the proposed system which would

force all continuing contracts, as well as new ones, to go through the contract mill every 12 months.

Attached is a procurement and funding flow chart which traces the contracting and payment problems which would be encountered by a typical long-term contract under S. 434. Every long-term contract extending across a fiscal year end would face the same difficulties.

The result of the passage of S. 434 would be that, for a period in excess of 4 months at the beginning of each fiscal year, contractors would be unable to obtain any payments, either progress or final, under continuing contracts. None of the major aeronautical and missile contractors could finance themselves for any such extended period. The result would be chaotic, and the attendant disruption and dislocation of production would be disastrous to Government and industry alike.

The significant features of the Wigglesworth amendment, from the point of view of the defense contractor, seem to be the following:

1. It makes no change in the type of appropriation which has been used over the past 7 or 8 years. Congress would still appropriate the full amount of money necessary for an aircraft program, for example, no matter how long it might take to complete deliveries. No lapsing of appropriations is involved.

2. The device of contract authority is thus no longer required and is eliminated.

3. A new means of congressional control over military expenditures is adopted in the amendment. This consists of the imposition by Congress for each fiscal year of a limitation on annual accrued expenditures which can be made by the military. The bill provides that as soon as the President has determined that the executive departments have successfully established a satisfactory system of accrual accounting (which is a requirement already existing under the statutes), then from that time forward each appropriation act shall be accompanied by the limitation on the annual accrued expenditures. When such a limitation has been established, then the cost of goods and services received, advance and progress payments made, and the amount of any other liabilities becoming payable during the fiscal year concerned shall be charged against the limitation.

If the expenditures for any year are less than the limitation for that year the balance of the limitation lapses and the expenditures for succeeding years must fall within the limitations set by Congress for the respective years. There is also a provision that any liabilities of the Government becoming payable during a given fiscal year but for which payment is not made that year may be paid in a subsequent fiscal year "to the extent that they are within the limitation on annual accrued expenditures for the fiscal year concerned." Finally, there is a provision that any obligations incurred during a given fiscal year which do not result in liabilities becoming payable during that year shall be charged against the limitation for any succeeding year in which liabilities under the obligations do become payable.

4. The amendment expires April 1, 1962, whereas the original H. R. 8002 would have expired July 1, 1961.

The most dangerous feature of S. 434 is that a contractor would not be able to make collections from July 1 of each fiscal year until receipt of contract amendments allocating the new appropriations to each and every existing contract—a matter of 4 months or more. It seems that this hazard has been removed by the Wigglesworth amendment, and for this reason alone it is a great improvement.

Nevertheless, the Wigglesworth amendment is not without its bad points. The imposition by Congress of a limitation on annual accrued expenditures each year is going to put a premium on the estimating ability of the Department of Defense. If too low a ceiling is established for any given year, then the DOD may run out of spendable funds before the year has expired and contractors will once again be in an era of financial drought. This would be true even though the original appropriations were more than ample. The answer to this problem, given by the sponsors of the amendment, is that if such a thing should happen the DOD could always come back to Congress, justify the overrun and obtain an increase in the limitation. We know, however, that as a practical matter this would all be time-consuming and some financial hardship would result. On the other hand, any delay thus involved should not be as long as under the original H. R. 8002 because there would not have to be contract amendments before payments could be resumed.

There is also an area of potential danger for contractors in the provision of the Wigglesworth amendment mentioned above. Specifically this is to be found in paragraph (e) of section 1 of the amendment which provides in full as follows:

"(e) Any liabilities becoming payable during the fiscal year concerned but for which payment is not made during that year may be paid, if not otherwise contrary to law, in a subsequent fiscal year or years to the extent they are within the limitation on annual accrued expenditures for the fiscal year concerned."

As we understand this provision, if we were to deliver an invoice for engines in June of the 1958 fiscal year, but payment was not made to us during June, then we could be paid in July 1958, or thereafter only if the deliveries (and invoices) are within the limitation previously set for fiscal year 1958. The purpose here is to close a loophole that might otherwise exist in the congressional control being sought by the amendment if payments could be made in a subsequent year for deliveries in excess of the limitations fixed for the earlier year. Yet, it creates a technicality which could rise to plague us from time to time and over which we have no control, and probably would have no knowledge until the fat was in the fire.

(Whereupon, at 4:10 p. m., Tuesday, July 8, 1958, the hearing closed.)

MATERIAL FILED WITH COMMITTEE SUBSEQUENT TO THE HEARING ON JULY 8

UNITED STATES SENATE,
Washington, D. C., July 9, 1958.

Hon. CARL HAYDEN,

Chairman, Appropriations Committee,
United States Senate, Washington, D. C.

DEAR SENATOR HAYDEN: Thank you for the opportunity you afforded me to file a statement expressing my comments upon H. R. 8002. At the hearings called to hear testimony upon H. R. 8002 several questions were raised concerning S. 434. As you know, I have recommended that the language of S. 434 be substituted for H. R. 8002. I would like to answer the four questions which deal with S. 434.

1. What is meant by "accrued annual expenditure basis" and how does it differ from the present obligation system?

The annual accrued expenditure basis of stating budget estimates is a system under which the executive agencies would present their budget estimates for a fiscal year on the basis of expenditures to be made or accrued for that fiscal year only. In appropriating on this basis, the Appropriations Committees would not grant appropriations authority for expenditures in future fiscal years. It differs from the present system chiefly in the following respects:

(a) Appropriations are related to the expenditures for the particular fiscal year for which the budget estimates are received.

(b) Carryover appropriations are eliminated.

(c) Instead of appropriating a total amount necessary for the contracts involving long-lead-time procurement, the appropriations will be limited to 1 year and contract authority will be given for such contracts as must be executed during that year.

(d) Each year there will be a review of the action taken upon long-lead-time contracts.

2. The committee would like to know what type of information would be available to the Congress that is not available under the present system.

Under the present system, it is possible for the President to submit the same type of information which this bill requires. However, this bill would—

(a) Require the information necessary to exercise an informed judgment.

(b) Require the executive department to furnish information as to actual accrued expenditures with regard to every budget.

(c) Simplify the presentation of information.

(d) Provide a more realistic review of the budget.

3. If carryover balances of appropriations were eliminated or reduced, is it not true that a comparable carryover of "unobligated" or "unliquidated" contract authority would result?

The question is left in the bill, to some extent, to the discretion of the President. Under any review, however, the extremely large carryovers which represent the total appropriation would be reduced. At most, the "carryover balance" would represent the amounts for which contracts had actually been

made. "Unobligated" or "unliquidated" contract authority would have to be considered only in the year in which the executive agency intended to enter into the obligation.

4. Does section 1 (c) of S. 434 leave it to the discretion of the President as to what appropriations shall be submitted on an "annual accrued expenditure basis"?

It is the purpose of the bill to provide a gradual system for converting the present budgeting practices to the annual accrued expenditure basis. Therefore, the President is granted complete discretion to decide when he shall implement the legislation. I have always believed that the President would use the system first for long-lead-time procurement. Obviously it is in this area that the major benefits will be realized. Budget estimates for such items as "Salaries and expenses, Office of the Secretary of the Interior" would not be affected to any substantial extent. These would be the last to be converted to the new method.

I hope that these necessarily brief and general remarks will be of some assistance to the committee in its deliberations. I would appreciate your including this letter in the record of the proceedings.

With kind regards,
Sincerely,

JOHN F. KENNEDY.

UNITED STATES SENATE,
Washington, D. C., July 11, 1958.

HON. CARL HAYDEN,
*Chairman, Appropriations Committee,
United States Senate, Washington, D. C.*

DEAR SENATOR HAYDEN: I have examined the hearings before the Appropriations Committee on H. R. 8002 and have discussed with various interested parties the procedure which might best accomplish the objectives of the legislation. Because of my deep interest in this bill, I am taking the liberty of writing you again.

It is my feeling that all the persons and organizations interested in the legislation would favor the following procedure:

1. The Appropriations Committee should report H. R. 8002 amended by the elimination of that part of the language in section 2 (a) which grants authority to rescind, reappropriate or transfer funds. This can be done by eliminating the last clause of that section. I regard this portion of the bill as relatively unimportant. It does not affect the basic purpose of the legislation.

2. If for any reason you or the committee find other objections to H. R. 8002, everything following the enacting clause should be stricken and S. 434 substituted. Since the Senate has already passed S. 434, there should be no objection to passing H. R. 8002 when its language is the same as S. 434. Then the bill could go to conference and the conferees could resolve the differences between the two bills. Since the major objection to H. R. 8002 seems to be the changes which it makes in the rules of the Senate, the conferees appointed by the Senate could be adamant on this point.

Either one of these procedures will provide the same substantive reforms in our budgeting system. To me, that is the primary objective. I hope it can be accomplished before the Congress adjourns.

I appreciate the many courtesies you have extended to me in connection with the consideration by the Appropriations Committee of this legislation.

With kind regards,
Sincerely,

JOHN F. KENNEDY.

Many thanks for your interest in the matter.

SANTA MONICA, CALIF., July 11, 1958.

HON. CARL HAYDEN,
United States Senate, Washington, D. C.:

For the record in your hearings on H. R. 8002, the Douglas management continues to be disturbed by efforts to rationalize the claims for thrift in this proposed legislation and to ignore the dangerous obstacles that it may place in the path of orderly and sound defense procurement. As I have written Senator

Knowland, of your committee, I am firmly of the conviction that this type of legislation will not bring fiscal improvements, but, on the other hand, may well cause disorder and additional administrative expense in Government defense procurement operations to the jeopardy of national security. I sincerely hope you will consider these views.

DONALD W. DOUGLAS, JR.,
President, Douglas Aircraft Co.

CITIZENS COMMITTEE FOR THE HOOVER REPORT

WASHINGTON, D. C., July 9, 1958.

HON. CARL HAYDEN,
*Chairman, Committee on Appropriations,
United States Senate, Washington, D. C.*

DEAR SENATOR HAYDEN: At yesterday's hearing before the Senate Committee on Appropriations, Senator Ellender and others asked whether or not economies would be possible under H. R. 8002.

Cited at this hearing was the case of several hundred million dollars of funds which, according to Mr. Merriam, were appropriated for aircraft procurement in England. The witness stated that the aircraft contracts were canceled, and the money was reprogramed for the procurement of missiles.

Under the system we propose, the amounts to be spent would come before the Congress for annual appropriation or for an annual limitation, and could not be spent without specific and affirmative congressional action. Thus, the very substantial reprogramming to which the witness referred would have been brought automatically to the attention of the Congress, and the Congress could have then assessed the action taken with regard to the aircraft funds. Hence, the Congress would have made a positive decision as to whether or not to proceed on the missiles and how much money should be made available for the latter.

In this connection, it might reasonably be asked whether the amounts remaining unspent from the aircraft contracts necessarily coincided with the amounts required for the missiles. At all events, it is noteworthy that, in the instance cited, the decision to reprogram was made by the Defense Department, and that the Congress as a body did not act upon this matter, which involved many millions of dollars. This, of course, is contrary to the traditional concept of congressional control of the Federal purse strings. It could not have happened under either H. R. 8002 or S. 434.

A more significant case is that of Army appropriations for "military hardware," guns, tanks, ammunition, and the like. The best estimate of the unexpended carryover for procurement and production with which the Army started the fiscal year 1954 was \$12 billion. To this the Congress added \$3.2 billion in new appropriations, giving a total available for fiscal 1954 of \$15.2 billion. Within a month after the new fiscal year started, the Korean truce agreement was signed. For the next 4 fiscal years, 1955, 1956, 1957, and 1958, Congress did not appropriate additional funds to this, the procurement and production account. But the Army continued to expend the funds which had been previously made available. Thus, in May 1957, years later, Secretary of Defense Wilson reported to your committee that these moneys were still being expended.

We are not here saying that this sum, considerably in excess of \$10 billion, was misspent or otherwise misused. What we are saying is that, under S. 434 or H. R. 8002, each year during that interim period the Army would have had to come to the Congress formally to request the amount it wished to spend during that year. Congress as a body would, thus, each year have had opportunity to make a positive judgment on the matter.

We believe that this is much better practice and gives a much tighter control in the interest of the taxpayer than the system whereby the Army was merely permitted to keep the moneys it already had as a sort of "kitty" for its programs in the future, although the money was voted by the Congress for the Korean war, a war which was no longer in progress.

It may be that every cent of this money was spent wisely and was spent the way Congress would have wished. Equally, it may be that Congress would have decided that several billion dollars of this money, appropriated for the Korean war, was not necessary, in view of the fact that the war had ended.

In the interest of Federal efficiency and economy, I trust you will support the proposal now before the Senate Appropriations Committee to expedite the enactment of H. R. 8002 with its major provisions intact.

We would appreciate it if this letter could be made a part of the record of the hearing.

Respectfully yours,

CHARLES B. COATES.

WILMINGTON, DEL., July 10, 1958.

HON. CARL HAYDEN,
Senator from Arizona,
Senate Office Building, Washington, D. C.

With regard to H. R. 8002 and S. 434, the bill to place Federal spending on an accrued annual-expenditure basis, we respectfully urge Senate adoption of either the House version, suitably amended, or the House bill with the Senate language, as long as neither bill is complicated with new substantive provisions.

EDWARD W. COOCH, JR.,
WILLIAM V. ROTH, JR.,
Cochairmen, Delaware Citizens Committee for the Hoover Report.

RAYTHEON MANUFACTURING Co.,
Waltham, Mass., July 7, 1958.

HON. CARL HAYDEN,
Senate Office Building, Washington, D. C.

DEAR SENATOR HAYDEN: We have received information that H. R. 8002 is being studied this week by the Senate Appropriations Committee. The purpose of this letter is to alert you to the fact that, as a major defense contractor, we believe that if this bill (or S. 434, its original companion bill which was passed by the Senate) should become law, it will have harmful effects on defense contractors and others doing business with the United States Government.

Raytheon Manufacturing Co. is a prime contractor for 2 missile (1 Army, 1 Navy), and many millions of dollars of other defense work. It is currently employing over 31,000 persons in several States, principally Massachusetts.

Our principal objections to H. R. 8002 and S. 434 are these:

1. H. R. 8002 provides that Congress may, upon certain certifications by the executive department, limit expenditures under Government contracts to a specific amount per fiscal year, irrespective of whether such periods coincide with logical contractual check points of performance, or whether appropriations have been set aside for the balance of performance required after each fiscal year for which funding has been accomplished. S. 434 would have made this limitation mandatory.

This means that every single Government contract extending from one fiscal year into the next will have to have a written, individualized amendment to add the account for each item needed in the new fiscal year. These amendments cannot be accomplished until after the appropriation bill has passed Congress (traditionally the last few days of June). Until such amendments are received, signed and distributed to the cognizant disbursing agency, a contractor cannot get its bills paid.

The sheer volume of these amendments alone (many thousand) will take months of paperwork, during which contractors cannot get paid. Work will be curtailed, therefore, and in many cases suspended, for the large defense contractors could not possibly get enough financing from commercial sources to pay all defense contract charges for 2 to 6 months.

2. Firms manufacturing for the Government must have a reasonable lead time within which scheduled deliveries will be known with certainty and manufacturing operations can be adapted thereto. Year-end congressional decisions under the provisions of H. R. 8002 would eliminate any reasonable lead times either for contract acceleration or deceleration, or for contract termination.

The imposition of an accrued expenditures system on the field of Government contracting for defense purposes is not practical by legislation, but can be done in some cases by carefully negotiated contractual terms not related to the artificialities of fiscal periods. This should be left to contracting authority which now exists, and this legislation should not be approved in haste.

We recommend the complete rejection of H. R. 8002 and S. 434. If such rejection does not appear feasible, we request that business firms most concerned

with these measures, including Raytheon, be given an opportunity to place their detailed views before the Senate Appropriations Committee.

Very truly yours,

C. F. ADAMS.

AIRCRAFT INDUSTRIES ASSOCIATION OF AMERICA, INC.,
Washington, D. C., July 9, 1958.

HON. CARL HAYDEN,
Chairman, Senate Appropriations Committee,
Washington, D. C.

MY DEAR SENATOR: It was my privilege to attend the hearings of the Senate Appropriations Committee on H. R. 8002, over which you presided yesterday afternoon. At the conclusion of the hearing I felt that within the limited time available the distinguished members of your committee displayed an exceptionally clear understanding of the implications of this proposed legislation. Their questions were searching and objective.

This association is very much interested in the implications of this legislation as it affects the capabilities of both the Defense Department and industry to accomplish their missions in national defense.

Upon leaving the hearing room, I felt that the hearing had been completely fair and objective and that the members of the committee had sufficient factual information at hand to make a wise decision. If it be the decision of your committee that legislation on this complex and all-important subject must be enacted during this session of Congress, then it is our conviction that H. R. 8002 as considered by your committee will, with the changes suggested by Mr. Wilfred J. McNeil, Assistant Secretary of Defense (Comptroller), satisfy the principle of the Hoover Commission recommendation without jeopardizing programs essential to the defense of our country.

Very respectfully yours,

ORVAL R. COOK.

WHARTON, TEX., July 5, 1958.

Senator CARL HAYDEN,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: I would like to take this opportunity to thank you and other members of the Senate Committee on Appropriations for taking up H. R. 8002 and urgently request that you expedite the final enactment of this important measure. This one bill alone, if it can be made into public law, can bring about tremendous economy and efficiency in operation of Government agencies.

I urge you again to please expedite this bill to final enactment.

Yours very truly,

GRANVILLE E. HORTON, M. D.

JULY 8, 1958.

Senator CARL HAYDEN,
Senate Office Building,
Washington, D. C.

DEAR SENATOR HAYDEN: Thank you for taking up H. R. 8002. Any measure that will streamline Government and reduce the taxpayer's load deserves not only prompt but serious consideration.

Please expedite final enactment of this important measure with the provision for accrued annual expenditure budgeting intact.

Thank you.

Sincerely,

CLYDE G. STRATTON.

TEXAS BANK & TRUST COMPANY OF DALLAS,
Dallas, Tex., July 7, 1958.

HON. CARL HAYDEN,
Chairman, Senate Appropriations Committee,
Washington, D. C.

DEAR SENATOR HAYDEN: As one who has been interested for several years in our efforts to bring about economy and proper accounting in our Government operations, I want to thank and commend you for accepting the responsibility

as chairman of the Senate Appropriations Committee to give every consideration to the acceptance and passage of House Resolution 8002, which has to do with modernized Federal budgeting.

I know, Senator Hayden, there are many cross currents in Congress, but as a businessman I don't believe any sort of crosscurrent should be strong enough to defeat the acceptance of legislation that would make for a stricter accounting of the great expenditures of our Government.

I remember so well when we appropriated some \$12½ billion for military purposes about 3 or 4 months before the Korean war ended. Part of this \$12½ billion was being expended some 4 years after the Korean war. I know of no strict accounting that was ever made as to how this money was spent or whether or not there was a progress report on the expenditures.

I realize that some parts of the Defense Department is against this kind of accounting because it may interfere with their future operation plans. I do not believe any department of our Government should be against or should resist strict accounting of expenditures, especially when it amounts to millions, and sometimes billions, of our tax money.

I understand there is some difference in the bill that was passed by the House and the one that was unanimously passed by the Senate, and that the acceptance of the House bill by the Senate would change Senate rules. It has also been suggested to me by one very much interested that the House Appropriations Committee is definitely against this bill in substance and this is one way of defeating it. I dislike to accept this interpretation.

I sincerely urge you and the rest of the members of the Appropriations Committee to do your best to get this bill accepted in some compromised form that would at least give the taxpayers of the country some assistance in a proper check of expenditures being made with their tax money.

I know it may impose on your busy time to request it, but I certainly would like to have a reply to this letter.

Thanking you, and with best cordial wishes, I am,

Sincerely yours,

P. B. GARRETT, *Vice Chairman.*

DALLAS, TEX., *July 6, 1958.*

HON. CARL HAYDEN,
*Senate Office Building,
Washington, D. C.*

DEAR SENATOR HAYDEN: We are most thankful that your committee is working on H. R. 8002. We certainly hope that you will get it in acceptable shape for prompt passage by the Senate.

Surely nothing is more needed than economy and efficiency in our Federal Government, and this bill is a big step in the right direction.

Sincerely,

The C. E. BORENS.

HOUSTON, TEX., *July 2, 1958.*

HON. DENNIS CHAVEZ,
*Senate Appropriations Committee,
Washington, D. C.*

MY DEAR SENATOR CHAVEZ: Your committee is to be commended for your promptness in taking up H. R. 8002. I trust that each of you will push this bill to final enactment as its importance to the welfare of our country is tremendous. Nations are more often destroyed in peace than in war.

Sincerely yours,

W. H. COCKE.

PERFORATING GUNS ATLAS CORP.,
Houston, Tex., July 8, 1958.

HON. CARL HAYDEN,
Senate Office Building, Washington, D. C.

SIR: At a time when the entire future of our Nation is threatened by the erosion of inflation, it is of the utmost importance that Congress maintain a tight control on expenditures.

We believe H. R. 8002 will strengthen that control and we accordingly urge you to use your influence in seeing it passed before adjournment.

Sincerely yours,

CECIL C. HINSON.

NEW JERSEY TAXPAYERS ASSOCIATION, INC.,
Trenton, N. J., July 9, 1958.

Senator CARL HAYDEN, of Arizona,
Chairman, Senate Appropriations Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR HAYDEN: The attached publication outlines our association's approval of principles outlined in H. R. 8002 and S. 434. We urge your favorable action in support of these principles in line with the Hoover Commission recommendations with a view toward securing final enactment at the present session of Congress.

Yours very sincerely,

CARLTON W. TILLINGHAST, *Executive Director.*

[It's Your Business—Notes on Government, published by New Jersey Taxpayers Association, Trenton, N. J., January 1958],

SPUTNIK—AND THE FEDERAL BUDGET

In 1955 the Second Hoover Commission recommended stronger congressional control over public spending.

The need, the Commission said, was imperative.

Today, sputnik has made it critical.

The Nation's technical and military might must be unimpaired. This presupposes greater expenditures.

But so must the Nation's economic strength be unimpaired. This presupposes the elimination of waste, the reduction of subsidies, a balanced budget, debt reduction, and even a start toward tax reduction.

Both these purposes must be served. The Nation, alive to the need for military preparedness, must also adopt the fiscal controls that sound business judgment dictates, else in the effort to maintain a posture of strength it spend itself into economic collapse.

The overall tax take in New Jersey totals \$4 billion.

Seventy-five percent of this goes to the Federal Government.

There is forms part of Uncle Sam's \$70 billion annual income.

To spend this huge amount, Congress resorts to a system of long-term appropriating which neither State nor private finance could tolerate.

In so doing it weakens its annual power over the purse—fiscal control vital to the perpetuation of a free and representative nation.

The Second Hoover Commission tackled this problem and offered a solution. That solution is embodied in a bill (S. 434) passed unanimously by the Senate and in a generally similar measure (H. R. 8002) expected to be the subject of floor debate in the House of Representatives early in the 1958 session of Congress.¹

This issue of *It's Your Business* explains the Hoover Commission's recommendation, providing information to help taxpayers who wish to communicate their views on this important proposal to their Representatives in Congress.

WHY CONGRESS SHOULD BUDGET ON AN ANNUAL ACCRUED EXPENDITURE BASIS

For 1958-59 the President proposes that Congress make appropriations on the basis of a budget contemplating expenditures of \$74 billion. The casual observer might think this represents all the spending in view.

Far from it.

Although each year's Federal spending is based in part upon new appropriations, many billions of it automatically come from obligational authority previously approved but as yet unspent.

¹ Since the impending debate has made H. R. 8002 a rallying point in the effort to achieve annual accrued expenditures budgeting, the subject is discussed herein in terms of the House bill.

Washington's practice of carrying over spending authority sometimes produces curious and costly results. For example:

In 1953 Congress appropriated \$12.5 billion for Army procurement in connection with the Korean war. Within a month of the fiscal year, the war ground to a halt. The funds having been appropriated, however, spending continued—with expenditures still being made in 1957 under this 1953 spending authority.

Just as backlog spending from previous authorizations occurs in the current 1957-58 fiscal year, a significant portion of the obligations authorized during this fiscal year will carry over into fiscal 1959 and beyond.

The President's new spending proposals include requested new obligational or spending authority totaling almost \$72.5 billion. In addition, spending authority of all kinds carried forward from previous years is estimated to approximate \$70 billion, thus providing a source of potential future spending of more than \$140 billion—far beyond the actual spending total contemplated in the new budget as indicated above.

UNDERMINING GOVERNMENT'S FOUNDATIONS

Once made, long-term authorizations largely escape further detailed congressional review. Yet it may be years before a particular spending program is completed. Meantime the conditions which prompted the expenditure originally may have been altered radically. But unless the program is reviewed annually, the spending may continue with little regard to real need.

Thus, Congress has lost significant power over the purse that traditionally it has been thought to possess. Far from being merely an accounting problem, this represents diminution in the power of the Nation's legislative representatives to control public spending—an essential of free government, the foundations of which were laid at Runnymede in the signing of the Magna Carta in 1215.

IN A NUTSHELL

In its examination of Government's fiscal practices, the Hoover Commission's task force of experts discovered confusion and waste stemming from fundamental weakness in present methods. No one knows exactly what the Government owns, exactly what it owes, or can foretell its spending in a given fiscal year.

Cutting directly into this fiscal tangle, the Hoover Commission recommended budgeting on an annual accrued expenditure basis. Under the recommendations, Congress would pass upon all funds for services and goods actually to be received during the fiscal year in question. This would assure that programs running beyond the year would be brought back for annual review by the Congress without disrupting the normal course of Government business or, as the Commission proposes, without interfering with long-range contracting covering more than a single fiscal year. This would discourage accumulation of a multibillion dollar reservoir of unreviewed spending authority.

In a nutshell, Congress as the representative of the people could better fulfill its functions of (1) maintaining close watch over the Nation's tremendous spending program and (2) assuring that the taxpayers receive the most value for their taxes.

America's taxpayers—families and businesses—must continually review their spending programs to make sure their income covers changing needs. The Government is no different. For, as the Hoover Commission pointed out, in the preparation of the budget lies not only control of departmental expenditures but the power to insist upon efficient management within the spending agencies.

OPPOSITION-SUPPORT

As would be expected in a matter of such magnitude, the Hoover Commission proposal is not without opposition. According to a presession review by Neil MacNeil, editorial director of the Second Hoover Commission, this opposition stems principally from leaders of the House Committee on Appropriations and from accountants in the Department of Defense. They claim that under the Commission proposal it would still be necessary to grant agencies authority to make contracts and then attempt to control the flow of expenditures by separate action after contracts became firm. They deny that congressional control at this point would be possible, since annual appropriations would be arrived at

merely by estimating the amount required to meet obligations already incurred and adding this total to current appropriation items.

Much more numerous, however, are the supporters of the Commission recommendations. Originating in a task force of accounting and fiscal experts with extensive governmental experience, the Commission recommendations have been endorsed by authorities ranging from the Institute of Certified Public Accountants to high Federal officials, including the Director of the Budget, former Secretary of the Treasury, and the House Committee on Government Operations. The Senate unanimously passed its own bill incorporating the recommendations.

More recently the President, in his budget message, said:

"Legislation now pending before the Congress to place Government appropriation requests on an accrued expenditure basis should be enacted in accordance with the recommendations of the Hoover Commission. This is a business-like approach and it is hoped that the opposition that developed in the past will be withdrawn as a result of further study and modifications in the way the procedure is to be applied."

TIME FOR ACTION

The need for an orderly control of expenditures grows more pressing with each year. The principles and procedures set forth in H. R. 8002 have received the public support of eminently qualified persons. On numerous occasions the New Jersey Taxpayers Association has noted the vital need to restore annual legislative control over congressional expenditures. In successive annual platforms its membership has pledged support of the proposals of the Hoover Commission. In the paragraphs which follow it calls to the attention of New Jersey taxpayers the failings of the present procedure for fiscal control and the corrective potentialities of the impending legislation as digested from an analysis of H. R. 8002 by the Citizens Committee for the Hoover Report:

Congress now is asked to pass upon tremendous long-range programs merely on the basis of initial estimates of total cost for the entire program.

Where appropriations are inadequate to complete a program, Congress provides supplementary appropriations to take care of the situation but where budget estimates are high, there is no formal machinery whereby the situation regularly comes up for review and correction by Congress.

While Congress now has authority to rescind funds, repeal authorizations or cancel appropriations, such action is quite rare.

H. R. 8002 contemplates the continued review and consideration of major lead time programs from inception through completion.

H. R. 8002 not only would provide Congress with a picture of the full cost of any program at the time it is originally presented (as now) but, in the case of long-term programs, would require time phasing by years to show the annual accrued expenditures for the life of the program.

H. R. 8002 contemplates not only complete disclosure of estimated total costs at the outset of any new program, but the continuous revision of such estimated costs in the light of subsequent events, and review at a time when there is still a choice left.

H. R. 8002 would put through the wringer of annual congressional review billions of dollars in unexpended appropriations. It would force periodic review of estimates (revised as need be) against performance by annual action of the Congress in the form of annual appropriations for accrued expenditures in terms of work to be performed, or goods and services to be received in that year. The present process is formally concerned only with new authority, rather than with performance, reprogramming or rebudgeting. The need for constant reprogramming is particularly evident in today's complex procurement program.

H. R. 8002 adds the opportunity for continuous complementary decisions by all concerned. If, in the Defense Department, for example, the Armed Forces are reduced, the related hardware (ships, guns, tanks, etc.) can be brought into balance. If costs increase or decrease beyond original estimates, the necessary collateral decisions can be brought into sharp relief.

The chain reaction and built-in control to be brought about by the budget process proposed in H. R. 8002 would exert a constructive influence back through the review agencies in the executive branch to the point of initiation and administration of the program. It would do this without discouraging governmental contracting. While payments to contractors would come from current funds appropriated by Congress, rather than out of funds appro-

priated in some past year, contractors would be paid for performance just as they are now.

OTHER FISCAL IMPROVEMENTS

The proposals incorporated in H. R. 8002 and the companion Senate bill represent a major advance in the overall effort to restore to Congress annual control of the Nation's purse strings. They will not, however, meet the whole need.

Other related improvements are either already enacted or proposed. Thus important Hoover Commission proposals in the field of accounting are already law (Public Law 863). The Senate has passed S. 1585 to establish a Joint Committee on the Budget to assist Congress and the Appropriations Committee in studying the Federal budget and evaluating Government's fiscal needs. Also, the President has proposed that he be given authority to veto single items in appropriations measures. At the same time, a long list of other fiscal proposals either in congressional committee or awaiting study give evidence of the great need and the concern for improved fiscal and budgetary practices. These relate variously to establishing controls to achieve a balanced budget and reduction of Federal debt and taxes.

All these measures deserve careful study.

Meantime, the program to achieve annual accrued expenditure budgeting as discussed in this bulletin now approaches the final legislative hurdle—passage by the House of Representatives. Thus it is further advanced legislatively than any of the other pending proposals for improved fiscal control.

LOS ANGELES, CALIF., July 11, 1958.

Hon. CARL HAYDEN,

Chairman, Senate Appropriations Committee,

Senate Building, Washington, D. C.:

We wish to register our strong objections to S. 434, Senate version of House bill H. R. 8002. We feel S. 434 would impose insurmountable financial burdens on manufacturers of long-lead-time items, disrupt production, and adversely affect the costs of Government procurement. Although H. R. 8002 is an improvement upon S. 434, it still places serious burdens on defense contractors as well as Government agencies involved. We sincerely believe this legislation would be most detrimental to our country.

C. N. MONSON,

Vice President, the Garrett Corp., Airesearch Manufacturing Co.

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LEGISLATIVE HISTORY

Public Law 85-759
H. R. 8002

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Index and summary of H. R. 8002

Jan.	9, 1957	Sen. Kennedy and others introduced and Sen. Kennedy discussed S. 434 which was referred to the Senate Government Operations Committee. Print of bill as introduced and remarks of Sen. Kennedy.
May	3, 1957	Senate subcommittee reported to full committee S.434.
May	29, 1957	Senate committee reported S. 434 with amendment. S. Report No. 394. Print of bill and report. Sen. Humphrey urged enactment of this bill.
June	5, 1957	Senate passed S. 434 as reported.
June	6, 1957	S. 434 was referred to the House Government Operations Committee. Print of bill as referred.
June	7, 1957	Rep. Rogers, Fla., introduced H. R. 8002 which was referred to the House Government Operations Committee. Print of bill as introduced.
June	11, 1957	House subcommittee ordered H. R. 8002 reported with amendment.
June	13, 1957	House committee ordered H. R. 8002 reported with amendment.
June	17, 1957	House committee reported H. R. 8002 without amendment. H. Report No. 572. Print of bill and report.
July	1, 1957	House passed over at the request of Rep. Ford.
July	15, 1957	House passed over H. R. 8002 at the request of Reps. Ford, Taber, and Horan.
July	17, 1957	Rules Committee reported resolution for consideration of H. R. 8002. H. Res. 322, H. Rept. 826. Print of bill and resolution.
Aug.	5, 1957	Rep. Morano urged enactment of H. R. 8002.
Mar.	3, 1958	Rep. Taber inserted and discussed his proposed amendment to H. R. 8002.
Mar.	4, 1958	Rep. Wigglesworth inserted his proposed amendment to H. R. 8002.
Mar.	5, 1958	House began debate on H. R. 8002.

Index and summary of H. R. 8002, cont'd

Mar. 6, 1958	House passed H. R. 8002 with amendment.
Mar. 10, 1958	Senate placed H. R. 8002 on the calendar. Print of bill as passed by House.
Mar. 17, 1958	Senate passed over H. R. 8002 at the request of Sen. Talmadge.
June 26, 1958	H. R. 8002 was taken from the Senate calendar and referred to the Senate Appropriations Committee. Sen. Hayden discussed this bill. Print of bill as referred.
July 7, 1958	Sen. Proxmire submitted his proposed amendment to H. R. 8002.
July 10, 1958	Appropriations Committee was granted 10 more days in which to file a report.
July 11, 1958	Sen. Proxmire inserted Sen. Kennedy's testimony before the Appropriations Committee.
July 17, 1958	Appropriations Committee ordered H. R. 8002 re- ported with amendments.
July 21, 1958	Appropriations Committee reported H. R. 8002 with amendments. S. Report No. 1866. Print of bill and report.
July 28, 1958	Senate passed over H. R. 8002 at the request of Sen. Talmadge.
July 31, 1958	Senate passed H. R. 8002 as reported.
Aug. 4, 1958	Rep. Taber objected to a unanimous consent request of Rep. Fascell to concur in the Senate amendments to H. R. 8002.
Aug. 6, 1958	Rules Committee reported resolution to agree to the Senate amendments to H. R. 8002.
Aug. 14, 1958	House agreed to Senate amendments to H. R. 8002.
Aug. 25, 1958	Approved: Public Law 85-759.

HEARINGS: Senate Government Operations Committee on S. 316 and
S. 434; April 12, 1957.
Senate Appropriations Committee on H. R. 8002 and
S. 434; July 8, 1958.

DIGEST OF PUBLIC LAW 85-759

ANNUAL ACCRUED EXPENDITURES BUDGETING. Requires that when the President determines that a satisfactory accrual accounting system is in effect, each appropriation request shall be accompanied by a proposed limitation in the appropriation language on annual accrued expenditures, i.e., goods, services, and assets received, advance payments made, progress payments becoming due, and other liabilities becoming payable, during the fiscal year concerned. Unused balances of accrued expenditures limitations lapse at the end of the fiscal year. Authorizes the President to propose transfer authorization language which would enable department heads to make transfers between accrued expenditures limitations, including limitations on the size of such transfers by amount or by percent. Obligations incurred during any fiscal year or in prior fiscal years which do not result in liabilities becoming payable during the fiscal year concerned shall be charged against the limitation on annual accrued expenditures for any succeeding fiscal year in which such obligations may result in liabilities becoming payable. Does not change existing law with respect to the method and manner of making appropriations or the incurring of obligations under appropriations. Changes the rules of the House and Senate to make it in order to include in any appropriation bill accrued expenditures limitations on funds previously appropriated, and to include in any appropriation bill provisions authorizing the head of a department to make

transfers of the unused portions of the limitations on accrued expenditures between limitations prescribed by Congress in each appropriation bill. Provides that the provisions of this Act shall expire April 1, 1962.

IN THE SENATE OF THE UNITED STATES

JANUARY 9 (legislative day, JANUARY 3), 1957

Mr. KENNEDY (for himself, Mr. PAYNE, Mr. BYRD, Mr. BRIDGES, Mr. McCLELLAN, Mr. JACKSON, Mr. SYMINGTON, Mr. HUMPHREY, Mr. THURMOND, Mr. MCCARTHY, Mr. MUNDT, Mrs. SMITH of Maine, Mr. COTTON, Mr. MARTIN of Iowa, Mr. ALLOTT, Mr. ANDERSON, Mr. BARRETT, Mr. BEALL, Mr. BENNETT, Mr. BIBLE, Mr. BUSH, Mr. BUTLER, Mr. CAPEHART, Mr. CARLSON, Mr. CASE of New Jersey, Mr. CASE of South Dakota, Mr. CHAVEZ, Mr. CURTIS, Mr. DIRKSEN, Mr. FLANDERS, Mr. GREEN, Mr. HOLLAND, Mr. HRUSKA, Mr. IVES, Mr. LAUSCHE, Mr. MAGNUSON, Mr. MARTIN of Pennsylvania, Mr. MONRONEY, Mr. MORTON, Mr. POTTER, Mr. PURTELL, Mr. ROBERTSON, Mr. SALTONSTALL, Mr. SMITH of New Jersey, Mr. SPARKMAN, Mr. TALMADGE, Mr. THYE, Mr. WATKINS, Mr. WILLIAMS, and Mr. CARROLL) introduced the following bill; which was read twice and referred to the Committee on Government Operations

A BILL

To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 201 of the Budget and Accounting Act, 1921,
4 as amended, is further amended by adding the following
5 new subsections:

1 “(b) It is the sense of the Congress that revisions in
2 presentation of budget estimates and estimates for deficiency
3 and supplemental appropriations are essential in order to pro-
4 vide a more informative basis for the enactment of appropri-
5 ations by the Congress, to reduce or eliminate the large carry-
6 over balances of appropriations from one fiscal year to
7 another, and to bring about economy in Government expend-
8 itures. It is therefore the policy of the Congress that esti-
9 mates for proposed appropriations will be determined on an
10 annual accrued expenditure basis.

11 “(c) The amount of proposed appropriations referred to
12 in sections 201 (a) and 203 of this Act shall, to the maxi-
13 mum extent deemed desirable and practicable by the Presi-
14 dent, be determined on an annual accrued expenditure basis.

15 “‘Annual accrued expenditures’ shall relate to goods and
16 services to be received in a fiscal year, advance payments,
17 progress payments, and such other payments as are author-
18 ized by law to be made in such fiscal year.

19 “‘This subsection shall not apply to appropriations for
20 the payment of claims certified by the Comptroller General
21 and of judgments; appropriations for the refund of Federal
22 taxes and of other moneys erroneously received and covered
23 into the Treasury of the United States; appropriations for

1 private relief; appropriations for the payment of interest on
2 trust funds; appropriations to provide or increase revolving
3 funds; appropriations for the payment to former members of
4 the Armed Forces, their dependents and beneficiaries, of any
5 benefits to which they are entitled by reason of military
6 service; appropriations for the payment of pensions and an-
7 nuities; appropriations for the payment of any obligation of
8 the United States for which liability is fixed by treaty; and
9 other appropriations or funds analogous to the foregoing.

10 “(d) The conversion to the use of the annual accrued
11 expenditures method for stating proposed appropriations in
12 accordance with section 201 (c) of this Act shall be accom-
13 plished in such manner and at such times as may be deter-
14 mined by the President.

15 “(e) As of the end of each fiscal year, the excess of any
16 appropriation or fund made on an annual accrued expendi-
17 ture basis over the accrued expenditures under such appro-
18 priation or fund shall lapse, unless hereafter provided other-
19 wise in an appropriation Act or other law. Any remaining
20 balances of each such appropriation or fund shall be merged
21 with any appropriation or fund made for the same general
22 purpose for the ensuing fiscal year and shall constitute a
23 single account.”

A BILL

To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

By Mr. KENNEDY, Mr. PAYNE, Mr. BYRD, Mr. BRIDGES, Mr. McCRELLIAN, Mr. JACKSON, Mr. SYMINGTON, Mr. HUMPHREY, Mr. THURMOND, Mr. McCAFFERTY, Mr. MUNDY, Mrs. SMITH of Maine, Mr. COTTON, Mr. MARTIN of Iowa, Mr. ARLOTT, Mr. ANDERSON, Mr. BARRETT, Mr. BEALL, Mr. BENNETT, Mr. BRIBLE, Mr. BUSH, Mr. BUTLER, Mr. CAPEHART, Mr. CARLSON, Mr. CASE of New Jersey, Mr. CASE of South Dakota, Mr. CHAVEZ, Mr. CURTIS, Mr. DIRKSEN, Mr. FLANDERS, Mr. GREEN, Mr. HOLLAND, Mr. HRUSKA, Mr. IVES, Mr. LAUSCHE, Mr. MAGNUSON, Mr. MARTIN of Pennsylvania, Mr. MONRONEY, Mr. MORTON, Mr. POTTER, Mr. PURTELL, Mr. ROBERTSON, Mr. SALTONSTALL, Mr. SMITH of New Jersey, Mr. SPARKMAN, Mr. TALMADGE, Mr. THYE, Mr. WATKINS, Mr. WILLIAMS, and Mr. CARROLL.

JANUARY 9 (legislative day, JANUARY 3), 1957

Read twice and referred to the Committee on
Government Operations

Therefore, there must also be increased understanding on the part of the Federal Government and a willingness to support legislation such as this, which is positive, well-balanced, and comprehensive.

One of the most important measures to originate from the Subcommittee To Investigate Juvenile Delinquency was S. 728 introduced during the 84th Congress, 1st session. A similar bill, S. 894, was introduced by Senator ALEXANDER WILEY, of Wisconsin, and both bills were referred to the Special Subcommittee on Juvenile Delinquency of the Committee on Labor and Public Welfare under the chairmanship of Senator Herbert Lehman, of New York. Extensive hearings were held on these two bills, during which experts from many fields concerned with delinquency were heard from and whose testimony was utilized in drafting the final version of the combined bills, which was reported out as S. 4267 of the 84th Congress, 2d session.

This bill was approved by the Senate during the last days of Congress. Unfortunately, Congress adjourned before it was brought up for debate in the House. Since I feel the provisions in this bill are vitally necessary in our Nation's attempts to reduce juvenile crime, I urge its speedy passage.

AMENDMENT OF INTERNAL REVENUE CODE, RELATING TO INCOME TAX EXEMPTIONS FOR CERTAIN STUDENTS

Mr. FULBRIGHT. Mr. President, I introduce, for appropriate reference, two bills to amend the Internal Revenue Code relating to income-tax exemptions for certain students.

I ask unanimous consent that a statement, prepared by me, relating to these bills, may be printed in the RECORD.

The VICE PRESIDENT. The bills will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bills, introduced by Mr. FULBRIGHT, were received, read twice by their titles and referred to the Committee on Finance, as follows:

S. 432. A bill to allow additional income tax exemptions for a taxpayer or a spouse, or a dependent child under 23 years of age, who is a full-time student at an educational institution above the secondary level; and

S. 433. A bill to amend the Internal Revenue Code of 1954 so as to allow a taxpayer to deduct certain expenses incurred by him in obtaining a higher education.

The statement presented by Mr. FULBRIGHT is as follows:

I have today introduced, for appropriate reference, two bills which I consider vital to the development of our educational institutions, and to the general educational standards of our country.

The first bill would allow an additional income-tax exemption for a taxpayer or a spouse, or a dependent child under 23 years of age, who is a full-time student at an educational institution above the secondary level. The exemption may be claimed by the taxpayer himself, or on account of a spouse or a dependent child under the age of 23, who is in attendance on a full-time basis at an educational institution above the secondary level.

The second bill would allow a taxpayer, who is a student in an institution of higher learning to deduct expenses for books, tuition, fees, and other supplies necessary to the courses of instruction in which he is enrolled. This bill is primarily designed to assist those students who work their own way through college, and it would apply

to both full-time and part-time students, whether self-supporting or supported by outside sources.

Last April, I introduced these bills but was unable to obtain action on them before the adjournment. Since I have been a Member of the Congress, I have supported virtually every measure designed to aid and assist our students and to improve the educational facilities and institutions of this country. These bills are merely another method of providing an avenue for our students toward the goals they seek through adequate educational opportunities. Because I am convinced that the problem of improving our educational system is one of the most pressing of our time, I am once again introducing the bills in the hope the Congress will act on them during this session. The continually rising cost of a college education, of course, varies, but I believe it reasonable to estimate the average cost at \$1,500 per year, or roughly \$6,000 for a 4-year college education. The cost of the more specialized courses in science and medicine quite often is much more than this, and yet the parent, or the individual himself, receives only a \$600 a year personal tax exemption. Consequently, there is no incentive provided in our tax laws for one to pursue an educational goal.

There has been for decades a continual and serious deterioration in the general quality of our education. More recently we have read and heard much about the mounting shortage of trained engineers and scientists in the United States. It is interesting to note that universities and technical institutions in Soviet Russia are graduating engineers in numbers some two and a half times greater than are similar institutions in the United States where we are now training only one-half the required number of engineers and scientists. In the decade 1950-60, the Soviet Union is expected to produce 1,200,000 trained engineers and scientists as compared to our 500,000. In the category of engineers alone, the Soviets have multiplied the number trained tenfold since 1930, when records show they had 41,000 engineers. This situation is all the more critical because of the demands, not only of industry, but of national security.

The United States, if it is to succeed in its role of world leadership, must produce citizens who have vision, foresight, wisdom, and the knowledge to compete successfully with world problems.

Assuming that the objective of these bills is a proper one, it seems to me much more efficient, in the long run, to encourage and enable a parent to pay for his children's education than it is for the Government to directly assume the burden of educating its citizens.

In addition to these reasons, enactment of these proposals will, I believe, add to the income of the Government, as well as the gross income of its individual citizens. Dr. Paul Glick, of the Census Bureau, estimated about a year ago that male college graduates will receive an average of \$100,000 more in lifetime income than the average high school graduate, and we must remember this increased income will be fully taxed.

Under present tax laws, if one pays \$1,000 for an acre of land and sells it for \$2,000, he pays only on the increment of \$1,000, at reduced capital gains rates. If he pays \$1,000 for a truck to be used in his business and takes in \$2,000 in drayage fees, the cost of the truck amortized over its useful life is deductible from the \$2,000 income as earned. But if he spends \$1,000 for an education and as a result his income is increased \$1,000 per year, the tax laws do not allow application of these theories. He receives no deduction for the thousand dollars which he has invested in his education, and the yearly increase in his income of \$1,000 is taxed in full as ordinary income.

As I said a moment ago, I feel strongly that to encourage the education of our young people is in the national interest. In this period of competitive coexistence with the Soviets, the task of insuring that every youth in our land is aided in achieving his highest potential intellectual growth is a formidable one. This task arises not alone from the military situation posed by Russia, but also from the realities of the rapidly spiraling scientific revolution. The great emphasis which the Soviets have placed on the training of scientists, technicians, and engineers is a challenge which cannot be ignored by the Western World. These bills will provide some incentive to the students and parents to meet and accept this challenge.

In addition to these considerations, public and private educational institutions face a precarious future. They are essential to the preservation of our way of life. These bills, if enacted, would give them some assistance and enable them to accept additional students who can pay their own way. Thus, the bills would have a further beneficial effect upon the finances of our fine educational institutions.

I sincerely hope the Congress will favorably consider these bills.

IMPROVED METHODS OF STATING BUDGET ESTIMATES AND ESTIMATES FOR DEFICIENCY AND SUPPLEMENTAL APPROPRIATIONS

Mr. KENNEDY. Mr. President, on behalf of myself, and 46 other Senators, I introduce, for appropriate reference, a bill to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations. I ask unanimous consent that a statement, prepared by me, relating to the bill may be printed in the RECORD, together with a copy of the bill, and an analysis of the bill by the General Accounting Office.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the statement, bill, and analysis will be printed in the RECORD.

The bill (S. 434) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, introduced by Mr. KENNEDY (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Government Operations.

The statement, bill, and analysis, presented by Mr. KENNEDY, are as follows:

STATEMENT BY SENATOR KENNEDY

On behalf of myself, Senator PAYNE, of Maine, and Senator BYRD, of Virginia, and 46 other distinguished Members of this body, I have introduced a bill to provide for the stating of appropriation estimates on an annual accrued expenditures basis.

This bill, which has received vigorous bipartisan support, as noted by the names of the distinguished Members of this body from both sides of the aisle who have cosponsored it, will be an important step toward implementation of the Hoover Commission's recommendation that appropriations be determined on an annual accrued expenditures basis.

As Members are aware, in the 84th Congress the Senate, on June 20, 1956, unanimously approved S. 3897, which, except for certain technical changes, contained the identical objectives set forth in the bill I introduce today. However, as I am certain Members also recall, the section relating to appropriation estimates was stricken in con-

ference when it became obvious we could not, because of objections of the House of Representatives, get a bill through implementing the Hoover Commission's other budgeting, accounting recommendations with that provision in it.

As I pointed out in the Senate when I filed the conference report (CONGRESSIONAL RECORD, 84th Cong., 2d sess., July 25, 1956, p. 13080), the Hoover Commission's recommendation relating to the determination of appropriations (recommendation No. 7 in the Commission's Budgeting and Accounting Report), is the very heart of the Commission's highly recommended revision of our complicated financial structure.

While the administrative improvements in budgeting, accounting, and allotment systems made by Public Law 863 of the 84th Congress are of the greatest importance, they, nevertheless, are but half of a loaf because full implementation of those improvements with the economies they can bring depends upon the basic revision of the appropriations process the Hoover Commission proposes.

I do not, nor do my colleagues who have joined in this significant action, stand alone in our conviction that this much-needed overhauling of our fiscal affairs is imperative if we are ever to put our financial house in order, restore to the Congress its constitutional responsibility for the disbursement of the public funds and achieve economies in today's almost 70-billion-dollar budget.

This all-important change in our appropriations procedures—as the hearings before the Senate Committee on Government Operation's Subcommittee on Reorganization upon S. 3897 last spring reveal—has the strongest endorsement of the highest financial officers of the Government, the Secretary of the Treasury, the Comptroller General of the United States, and the Director of the Bureau of the Budget. And, as Senators know, the President of the United States, on three occasions, I believe, including a special message to the 84th Congress last May 10, has urged enactment of appropriate legislation which would implement the Hoover Commission's recommendation on this matter.

This bill not only has the endorsement of the Government's highest financial officers. It is the product of literally months of research, analysis and consultation by technicians of the General Accounting Office, of the Department of the Treasury and the Bureau of the Budget.

Beyond that firm foundation lies the vast experience of the distinguished members of the Hoover Commission itself, two of whom, Senator McCLELLAN and Senator BRIDGES, gave their distinguished efforts to the Commission's work; as well as that of the members of the Commission's Task Force, among them some of the foremost financial authorities in the Nation, who drafted the report from which this legislation stems.

I am the first to realize that this revolutionary change, which would place the entire governmental financial structure on an annual expenditures basis as opposed to the present complicated obligation system, cannot be achieved overnight, nor is it intended to be. The implementation of this legislation by the executive branch after its enactment into public law, I am certain, will receive the same thoughtful deliberation that its preparation has received, with the least disturbance to the operating agencies.

This is not a mandate by the Congress to the President. This, in effect, is a response to the President's request for the authority that he believes he must have, in the light of the tremendous burdens pressing upon us, to maintain this Government on a sound, nay, solvent, financial basis. The bill states clearly that appropriation estimates shall be determined on an annual expenditure basis, and I quote, "to the maximum extent

deemed desirable and practicable by the President," and "in such manner and at such times as may be determined by the President." Thus, the widest flexibility is given the Chief Executive in his implementation of this authority he requests.

There are many other points I would like to impress upon Senators, did time permit. For example, this bill would reduce or eliminate the tremendous carry over balances of appropriations, amounting to some \$74 billion today, over which the Congress, for all practical purposes, has lost complete control.

Moreover, not only would it provide the Congress with much-needed information relating to actual costs of Government programs, accomplishments obtained, and justification for new money required each fiscal year, but it would make these essentials of financial management more meaningful to the executive agencies themselves, thereby enabling them to achieve improvements in their operations with substantial savings.

And, to avert any fear or confusion that this legislation will in any way impair the maintenance of the military establishment at the levels that the preservation of our national security dictates, I should like to state that the evidence presented before the Government Operations Committee makes clear that the stating of appropriations on an expenditures basis will not affect the existing statutory authority of the executive departments, including the Department of Defense, to contract for or make commitments for capital expenditures in future fiscal years, provided that the existing requirement that advance approval be obtained from the Appropriations Committees of the Congress is met.

However, to conserve the time of the Senate, I ask unanimous consent that the bill I have sent to the desk be included in the Record at this point as part of my remarks, and that the attached analysis prepared by the General Accounting Office relating to the improvements that it will make in the management of our fiscal affairs also be incorporated thereafter as part of my remarks, so that Senators may be given the opportunity to give more thoughtful consideration to this matter than is possible at this time.

Be it enacted, etc., That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsections:

"(b) It is the sense of the Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essential in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures. It is, therefore, the policy of the Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis.

"(c) The amount of proposed appropriations referred to in sections 201 (a) and 203 of this act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis.

"'Annual accrued expenditures' shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

"This subsection shall not apply to appropriations for the payment of claims certified by the Comptroller General and of judgments; appropriations for the refund of Federal taxes and of other moneys erroneously received and covered into the Treasury of the United States; appropriations for private relief; appropriations for the payment of interest on trust funds; appropriations to provide or increase revolving funds; appropri-

tions for the payment to former members of the Armed Forces, their dependents and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty, and other appropriations or funds analogous to the foregoing.

"(d) The conversion to the use of the annual accrued expenditures method for stating proposed appropriations in accordance with section 201 (c) of this act shall be accomplished in such manner and at such times as may be determined by the President.

"(e) As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless hereafter provided otherwise in an appropriation act or other law. Any remaining balances of each such appropriation or fund shall be merged with any appropriation or fund made for the same general purpose for the ensuing fiscal year and shall constitute a single account."

ANALYSIS BY GENERAL ACCOUNTING OFFICE

The above bill, in addition to including a Declaration of Policy, adds a new subsection 201 (c) to the Budget and Accounting Act of 1921. This authorizes the submission to Congress of requests for proposed appropriations on the basis of the amounts of annual accrued expenditures to the maximum extent deemed desirable and practicable by the President.

This change in the basis of stating of appropriations can provide improved control over costs and expenditures if the companion tools of accrual accounting and budgeting on a cost basis, as authorized by Public Law 863, 84th Congress, 2d session, are effectively installed by the executive agencies.

The annual budget surplus or deficit is measured by the difference between annual receipts and expenditures. Establishing a direct correlation between annual appropriations and expenditures vests in the Congress and the President a much greater opportunity to control the level of operations during a particular budget year on the basis of conditions existing in that year.

This would mean the elimination of the vast carry-over balances now available for expenditure at the discretion of the executive agencies. As matters now stand, Congress has little control over spending once the funds are voted, and the President has limited control over spending after apportionments of authority to incur obligations are made by the Budget Bureau to the agencies. The present situation stems from the fact that congressional control through appropriation authorizations and Budget Bureau control through apportionments are both stated in terms of authority to obligate rather than budgeted work plans for the cost of goods and services estimated to be received by the agencies.

Aside from the question of improved control, the annual accrued expenditure basis of appropriations affords a better means of obtaining information needed in relating past accomplishments to present performance and future plans. Under the obligational basis of appropriations the information supplied to the President and the Congress through the budget process is in terms of obligations (contracts, etc.) issued, unissued, and planned for issue. This does not measure currently the cost of progress or performance. It is only when a program is totally completed that obligations approximate costs and then only if all resources have been consumed. Under the annual accrued expenditure basis of appropriations, Congress would require and be supplied with data as to costs in relation

to annual periods, the accomplishments obtained and to be obtained for those costs, and the inventories and other assets on hand, as well as the new money required to carry on the program.

It is inherent in an accrued expenditure basis for budgets and appropriations, as provided in this bill, that congressional authority be granted as necessary for the advance planning which precedes the phase of operations covered in an annual accrued expenditure appropriation. This would be determined by the Congress for each type of situation. However, the need for contract authority, or any other form of obligational authority, in conjunction with annual appropriations on the accrued expenditure basis is limited to the areas of operations where forward contracting is required to provide an orderly flow of product. It is not required in operations concerned primarily with salaries, allowances, travel expense, and other current administrative expenses.

In view of the substantial changes that would be required in many agencies to place into effect the accrual accounting and cost budgeting practices needed to support appropriations on an annual accrued expenditure basis, subsection 201 (d) permits flexibility in the timing of the change in the method of stating appropriation requests. It is believed that it is essential to approach such a change on the basis of individual programs or appropriations rather than any sweeping across-the-board plan.

Subsection 201 (e) is a necessary part of the annual accrued expenditure basis of appropriation to provide that funds not required to finance work performed during a fiscal year shall cease to be available after the end of that fiscal year. It is inherent, however, under an accrued expenditure method of financing that liabilities must be recognized as work is performed. This subsection permits the portion of the appropriation represented by liabilities for work performed but not paid for by June 30 of any year to be carried forward and merged, for payment purposes, with the appropriation for the ensuing year.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the bill may lie on the table for 3 days so that other Senators who wish to do so may join in the cosponsorship of it.

The **VICE PRESIDENT.** Without objection, it is so ordered.

APPOINTMENT OF DISTRICT JUDGE FOR EASTERN, MIDDLE, AND WESTERN DISTRICTS OF TENNESSEE

Mr. GORE. Mr. President, I introduce for appropriate reference a bill providing for the appointment of an additional judge for the three districts of Tennessee, the east, middle, and west districts.

As my senior colleague [Mr. KEFAUVER] has stated, if sufficient evidence is presented to the Judiciary Committee to show the need for a permanent judgeship, I shall be glad to support it. I have had the feeling, however, that a roving judgeship with jurisdiction to serve all three districts might serve the needs of the people.

I wish to join my colleague in regretting the passing of a distinguished judge, the late Honorable Elmer E. Davies. His passing was a very great loss to the judiciary of the State of Tennessee and the Nation.

The **VICE PRESIDENT.** The bill will be received and appropriately referred.

The bill (S. 437) to provide for the appointment of a district judge for the eastern, middle, and western districts of Tennessee, introduced by Mr. GORE, was received, read twice by its title, and referred to the Committee on the Judiciary.

HASTY TERMINATION OF KLAMATH TRIBE MUST BE PREVENTED TO SAVE RESOURCES

Mr. NEUBERGER. Mr. President, today I introduce, for appropriate reference, legislation to delay for 18 months the proposed termination of Government supervision over the affairs and resources of the Klamath Indian Tribe, in the State of Oregon.

This bill, which I am introducing on behalf of my distinguished senior colleague [Mr. MORSE] and myself, is made necessary by the chaos and waste which would be certain to follow if the Indians and their tribal assets were too hastily cut adrift.

I should like to add that an identical bill is to be sponsored on Thursday in the House of Representatives by the outstanding new Member of Congress from the Second Oregon District, where are located the Klamath Indians and their vast reservation. This man is ALBERT C. ULLMAN, and the bill now being introduced was prepared only after consultation and conferences with Mr. ULLMAN.

On October 18, 1956, there was held at Klamath Falls, Oreg., under the able leadership of the chairman of the Committee on Interior and Insular Affairs, the senior Senator from Montana [Mr. MURRAY], a hearing to inquire into the standing and progress of the Klamath Indians under termination.

At the hearing it was agreed overwhelmingly, although not without some dissent, I must concede, that the final termination should be suspended so that orderly and sound disposal can be made of the important assets belonging to the tribe. It was considered essential, for example, that the immense stand of Indian pine timber not be sold recklessly on the auction block, but that it be added to a contiguous national forest for prudent and sustained management by the United States Forest Service. The Klamath Tribe, I may add, is linked in lineage and culture to the famous Modoc Nation, of the Northwest's historic past.

The management specialists, appointed by ex-Secretary of the Interior McKay, even recommended that the Government buy back the entire Klamath Reservation—although when termination legislation first had been proposed, in much of the oratory it was contended that the Government should be eliminated completely from the management of this main asset of the tribe.

Now we can see that the Indians and the entire economy of southeastern Oregon will suffer if the timber, land, marshes, minerals, and other Klamath resources are disposed of under forced sale. That is the purpose of the pro-

posed legislation which the senior Senator from Oregon [Mr. MORSE], Representative ULLMAN, and I are cosponsoring.

Some of the considerations underlying this measure were expressed in certain portions of my statement at the Klamath Falls hearings, last October.

Since the passage of the Termination Act, Public Law 587, the provisions of that act have given rise to widespread consideration and many second thoughts among interested people in Oregon. The progress of plans for the termination of the Klamath Reservation has been studied over the past months by interested individuals and groups, and certain problems which were not fully apparent at the time when the law was passed are being more clearly recognized.

RELIGIOUS LEADERS OPPOSE HASTY LIQUIDATION

An outstanding example of this growing interest and concern, for instance, was a conference held on September 27, 1956, under the auspices of the Oregon Council of Churches, which brought together representatives of the Klamath Tribe, the Federal and State Governments, church groups, several Oregon colleges, and private organizations for a discussion of the problems arising under Public Law 587.

The overriding consideration for these Oregon groups has, of course, been the welfare of the Klamath Indians themselves. To many of them, the termination of the reservation will mean a drastic economic and social and perhaps cultural change. Some of the problems arising from this change cannot be solved wholly in the course of the Federal Government's program, but must be assumed by the local communities themselves. But it must at least be the concern of the Federal Government to assure that the termination program protects the Indian from exploitation and preserves his opportunity to use his assets in such a manner as to ease the transition from reservation life to full participation in life in the outside community.

We know that in the case of the Klamath Reservation, these assets are particularly great. The reservation includes approximately 600,000 acres of ponderosa pine, estimated at 4.5 billion board-feet, which may have a value of as much as \$80 million. This is one of the finest stands of ponderosa pine in the United States. Under sustained-yield management, the reservation produces approximately 70 to 80 million board-feet of timber a year.

A forest stand and an annual cut of this magnitude are of crucial importance to the economy of the surrounding area. Next to the question of the best interests of the Klamath Indians, the economic impact of termination must be of second consideration. It is now becoming widely recognized that both considerations point definitely to the conclusion that the reservation should not be chopped up into small individual pieces, to be logged off as fast as they can be sold, but that it should continue under scientific, long-run, sustained-yield forest management as a single unit.

FOREST RESOURCES REQUIRE SOUND MANAGEMENT

As the management specialists have themselves concluded, if the Termination Act were carried out as enacted, one of the finest stands of timber in the United States would be destroyed, with great loss not only to the sustained-yield program and sound conservation practices, but also to small lumber mills which would lose any opportunity to bid on trees that are made available from year to year on the reservation. Personally, I am inclined to share their conclusion that the only solution may be for the Federal Government to purchase the entire reservation and incorporate it into the national forests. The Congress, the Bureau of Indian Affairs, the Klamath Tribe, and all other interested parties need more time to give serious study to this, as well as to take another look at the overall consideration of the wisdom of the termination program, as incorporated in Public Law 537.

Our objective must surely be to develop a program for maintaining the integrity of the great forest on the reservation, while assuring fair and equitable shares in their assets to the individual members of the Klamath Tribe. I believe that, above all, more time will be needed to complete the development of such a program which will be sound and fair to all concerned.

This, I repeat, is the major objective of the bill which I introduce today. In addition, it also provides for repayment to the Klamath Tribe, from Federal funds, of the expenses incident to the termination program. I expect that the Indian Affairs Subcommittee of the Senate Committee on Interior and Insular Affairs, on which I serve, will be able to take early action on this urgent measure, in pursuance of its work on this problem during the second session of the 84th Congress last year.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 469) to authorize the United States to defray the cost of assisting the Klamath Tribe of Indians to prepare for termination of Federal supervision, and to defer such termination for a period of 18 months, introduced by Mr. NEUBERGER (for himself and Mr. MORSE), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

ADDITIONAL DISTRICT JUDGES AND TERMS OF DISTRICT COURT, BRIDGEPORT, CONN.

Mr. BUSH. Mr. President, on behalf of myself and my distinguished colleague from Connecticut [Mr. PURTELL], I introduce, for appropriate reference, bills to provide for the appointment of two additional district judges for the district of Connecticut, and for the holding of terms of the court at Bridgeport, and ask that they be appropriately referred.

I ask unanimous consent that a letter addressed to me by the senior judge of the court, the Honorable J. Joseph Smith, in which he discusses the need for this proposed legislation, be printed at this point in the RECORD, followed by

the tables which are enclosed in the letter.

There being no objection, the letter and tables were ordered to be printed in the RECORD, as follows:

UNITED STATES DISTRICT COURT,
DISTRICT OF CONNECTICUT,
Hartford, December 3, 1956.

HON. PRESCOTT BUSH,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BUSH: I again write to ask your assistance in meeting the problems of our district court. We now request an increase in the judgeships for the district from 2 to 4. I realize that this is a great increase percentagewise, and comes very soon after our request for the third judgeship 2 years ago which has not yet been provided. We feel, however, that the increase to four judges is essential to the proper functioning of this court.

The district of Connecticut has had two judges since 1927. In general the dockets have been current until 1951. In some years the judges were able to help in other districts, principally the southern district of New York and Vermont, and on the court of appeals, although in other years, as during the early years of the war, it was necessary to sit 12 months without recess. Since 1951 conditions have changed substantially. Civil cases filed have practically doubled. We have lost ground steadily on our dockets. The rising trend of filings continues. The criminal caseload also is rising although more slowly. Population, business activity, motor vehicle registrations and licensed motor vehicle operators in the district are still increasing. Some of the changes since this became a two-judge district are as follows:

	1937	1950	1956 estimate
Population of Connecticut.....	1,546,201	2,007,280	2,313,000
Motor vehicle registrations.....	306,784	760,044	923,000
Licensed operators.....	323,881	836,983	1,150,000

The better acquaintance of the members of the bar in recent years with the advantages of the broader discovery procedures provided by the Federal Rules of Civil Procedure, coupled with the congestion in the State courts in the larger counties, has also been a factor leading to increased use of this forum where there is diversity of citizenship between the parties to litigation.

Two years ago, on surveying the results of the rise since 1951, request was made for an additional judge, and legislation was sought by yourself and the other Connecticut Members of Congress which was approved by the committees of both Houses, and included in the omnibus judgeship bill which was reported out, but not reached for action in the Congress. This year the Committee on Court Administration of the Judicial Conference, on a survey of our situation proposed that an additional (fourth) judge be provided on a so-called temporary basis (the first vacancy occurring more than 3 years after initial appointment not to be filled) in order to help cut down our present backlog. On further consideration, it was felt that the fourth judge is needed on a permanent basis and recommendation was made to the conference that a fourth judgeship, in addition to the third already approved by the conference and included in the omnibus bill, be provided. The Judicial Conference of the Second Circuit recommended approval, and the Judicial Conference of the United States at its September 1956 meeting recommended it.

Our calendar situation continues critical, and the need for more judges is steadily becoming more pressing. Dispositions continue to be fewer than civil filings, with resultant growth in the backlog, which stands at over 900 cases, including a number of cases which will involve lengthy trials and, most important, increasing delay in disposing of litigation. A considerable number of such cases involving lengthy trials are among those pending. A nonjury civil action at New Haven which has already consumed some 4 months of trial time will take approximately as long again. A Smith act case will take some months to try. Several income-tax invasion cases will take time. An action by a trustee in bankruptcy based on alleged preferences will be reached shortly at Hartford and will take at least a month's trial. A stockholders' suit and a fraud action at New Haven involving several hundred plaintiffs will each involve very lengthy trials. The backlog will take time to reduce, not only because of the number of cases, but because there are awaiting trial so many cases of an extraordinarily time consuming nature. If the backlog did not exist, the 2 present judges and 1 additional judge would enable us to meet the present rate of filing except for the long trial cases, 3 judges giving us a rate of approximately 215 new civil cases per judge per year based on filings for fiscal 1956. The size and nature of the backlog, however, makes it impossible even for three judges to clear it up and at the same time handle the new filings. Two additional judgeships, making a total of four for the District of Connecticut, are therefore essential now, and for some years to come. The trend in court business in recent years, caused by the increase in population, business activity, motor-vehicle traffic, and other causes makes it quite evident that there will be sufficient work for four judges on a permanent basis as recommended by the Judicial Conference. It has happened that most of the recent long trials have been at New Haven, so that the most serious delay occurs there, where a substantial number of cases claimed more than a year ago have not yet been reached for pre-trial conference.

We have at present one courtroom at Hartford and one at New Haven. A second courtroom at New Haven is being provided by alterations in the present post office and court building. A proposed new Federal building at Hartford is expected to provide two courtrooms, with the present building to be altered for post office use only. The judicial council for the second circuit has recommended the provision of an additional court building at Bridgeport in Fairfield County, the caseload from that area and the crowded quarters at New Haven, the nearest seat of court, justifying such provision.

Air conditioning of the Hartford courtroom made it possible to hold summer jury trials which we did starting early in August. The large number of land parcels under condemnation has led me to remove a number of the condemnation cases from the jury list and appoint committees to hear them, over the objection of the United States. By this means it was possible to go through the remainder of the Hartford civil jury list and dispose of about 40 cases by trial or settlement in these last 4 months, with all civil jury cases other than condemnation cases pending at Hartford and ready for trial prior to August having at least an opportunity to be heard. If two additional judges are provided, it should be possible after the calendars are brought to a current condition to return land condemnation cases to the jury lists.

I expect to take up the Hartford nonjury trial list of some 65 cases starting tomorrow, an income-tax evasion case on trial to the jury at Hartford having ended today with



May 3, 1957

6. FARM LOANS. Passed over, on objections by Reps. Marshall, Christopher, and McCarthy, H.R. 3753, to enable the Department to extend financial assistance to desertland entrymen to the same extent as such assistance is available to homestead entrymen. p. 5663
7. MONETARY POLICY. Rep. Patman criticized the Administration's monetary policies. pp. 5706-08
8. PROPERTY. Received from the Civil Defense Administration a report on property acquisitions pursuant to the Federal Civil Defense Act of 1950. p. 5710
Received from the Department of HEW a report covering personal property made available for distribution to public health and educational institutions and civil defense organizations pursuant to the Federal Property and Administrative Services Act of 1949. p. 5710
Received from GSA a proposed bill to amend the Public Buildings Act of 1949 so as to authorize the GSA Administrator to name, rename, or otherwise designate any building under the custody and control of GSA; to Public Works Committee. p. 5710
9. ELECTRIFICATION. Received several resolutions favoring construction of the Hells Canyon dam. pp. 5712-13
10. CIVIL DEFENSE. A subcommittee of the Armed Services Committee ordered reported with amendment to the full Committee H.R. 4910, providing various amendments to the Federal Civil Defense Act of 1950. p. D375

SENATE

11. BUDGET. The Reorganization Subcommittee reported (May 3) to the Government Operations Committee S. 434, to provide for stating budget estimates on an accrued expenditures basis. p. D374
 12. ADJOURNED until Wed., May 9. p. 5657
- ITEMS IN THE APPENDIX
13. FOREIGN AID. Rep. Bentley inserted an article, "What To Expect From Foreign Aid," which urged careful and discriminating use of aid decentralized to well-trained staffs in each country. pp. A3338-9
Rep. Utt inserted an "Open Letter to Congress" which urged budget cuts and an immediate end to foreign aid. pp. A3338-9
 14. BUDGET BUREAU. Extension of remarks of Rep. Hebert claiming Congress relies too much on legislative reports from the Budget Bureau and inserting a column by George Sokolsky criticizing the powers of the Bureau. pp. A3340-1
 15. RECLAMATION. Rep. Utt inserted an editorial criticizing the Bureau of Reclamation's plans for Glen Canyon Dam as a threat to hold back water needed in the lower Colorado basin, and accused the Bureau's engineers of planning a hydroelectric unit to pay for other parts of the Upper Colorado project. pp. A3341-2
Rep. Scott inserted an editorial urging construction of the Wilkesboro dam project on the Yadkin River. pp. A3345-6
 16. BUDGET. Rep. Westland inserted an editorial he said "Gets to the point of the Government's financial operations and outlines in unvarnished terms the

sacrifices necessary to achieve economy." The article said popular efforts for specific projects prevent budget cuts and raise spending. p. A3343

Rep. Harvey inserted an article on an interview with himself in which he stated his hopes for a \$5 billion budget cut and opposed cuts in taxes while the debt remained. p. A3357

17. SURPLUS FOOD. Extension of remarks of Rep. Kee inserting her reply to a letter questioning foreign economic aid. She stated that our surplus foods, after feeding our own hungry people, go overseas to feed hungry people everywhere. She stated that although foreign aid was impelled by self-interest, self-interest might compel us to reduce such spending. p. A3350
18. FARM PROGRAM. Rep. Minshall inserted an article, "The \$12 Billion Failure," which urged a return to the free market in agriculture as the only solution to the farm problem. p. A3370
19. SMALL BUSINESS. Extension of remarks of Rep. Patman urging tax relief for small business and contending the Administration has not fulfilled its election promises. He inserted an article, "Brushoff in Washington Angers Small Business." pp. A3387-8

BILLS INTRODUCED

20. PERSONNEL. H.R. 7231, by Rep. Griffiths, to amend the Civil Service Retirement Act to provide for the inclusion of certain additional types of compensation within the meaning of the term "basic salary" for the purposes of such act; to Post Office and Civil Service Committee.
H.R. 7233, by Rep. Hyde, to authorize the payment from the employees' life insurance fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations; to Post Office and Civil Service Committee.
H.R. 7248, by Rep. Smith, Va., to amend the District of Columbia Income and Franchise Tax Act of 1947, as amended, to provide that under certain conditions officers of the executive branch of the Federal Government appointed by the President shall be exempt from such act; to District of Columbia Committee.
21. LIVESTOCK. H.R. 7244, by Rep. Poage, and H.R. 7263, by Rep. Poage, amending the Packers and Stockyards Act, 1921, to permit deductions for a self-help meat-promotion program; to Agriculture Committee.
22. POSTAL RATES. H.R. 7224, by Rep. Boland, to readjust postal classification on certain educational and cultural materials; to Post Office and Civil Service Committee.
23. LANDS. H.R. 7230, by Rep. Doyle, for the establishment of a National Outdoor Recreation Resources Review Commission to study the outdoor recreation resources of the public lands and other land and water areas of the United States; to Interior and Insular Affairs Committee.
24. BUDGET. H.R. 7250, by Rep. Teague, Cal., to permit one-half of the budget surplus for any fiscal year to be applied against the public debt and to provide that one-half of such surplus shall be applied as tax credits against individual income taxes; to Ways and Means Committee.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 31, 1957
For actions of May 29, 1957
85th-1st, No. 91

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HIGHLIGHTS: Both Houses agreed to conference report on State, Justice, Judiciary appropriation bill. Ready for President. Senate committee reported bills to extend Reorganization Act, provide for budgeting on accrued expenditure basis, and transfer old records to Archives. Sen. Humphrey criticized Secretary's actions on corn bill. Rep. Cooley criticized Secretary's proposal for greater price-support discretion. Rep. Avery defended soil bank program. Sen. Russell and Rep. Whitten introduced and discussed cotton certificate program bill.

SENATE

1. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 6871, the State, Justice, judiciary appropriation bill, and acted on amendments which had been reported in disagreement. This bill will now be sent to the President.
pp. 7142, 7151-94, 7079-80
2. REORGANIZATION. The Government Operations Committee reported without amendment S. 1791, to further amend the Reorganization Act of 1949 so as to make the Act apply to reorganization plans transmitted to Congress at any time before June 1, 1959 (S. Rept. 386). p. 7135
3. BUDGETING. The Government Operations Committee reported with amendment S. 434, to provide for budgeting on an accrued expenditure basis (S. Rept. 394).p.7135
Sen. Humphrey spoke in favor of the bill and stated, in part, as follows:
"It is fully recognized by the committee that if appropriations for long lead-time programs, such as the building of an aircraft carrier, are converted to the annual accrued expenditure basis, authority must be provided in the dollar amount required for forwarding contracting beyond the current budget

year in which the program is started. The committee amendment, therefore, authorizes the Appropriations Committees to grant contract authority to the executive agencies where necessary for the forward planning of long lead-time programs.

"It is also recognized that a change of this magnitude in appropriations procedures should not be approached on a governmentwide basis, but on the basis of individual appropriations where such a transformation is warranted by the budgetary situation in each Federal agency. The President, therefore, is given the broadest discretion as to implementation of the authority granted by this bill." pp. 7135-6

4. RECORDS. The Government Operations Committee reported without amendment S.1536, providing that, in general, records which are over 50 years old and have sufficient historical value shall be transferred to the Archivist(S. Rept. 388). p. 7135
5. HOUSING; RESEARCH. Passed, 69-1, with amendments H. R. 6659, the housing bill. Senate conferees were appointed. pp. 7196, 7208-39
During debate on this bill Sen. Humphrey criticized the Secretary's actions in connection with the recent corn bill. pp. 7219-20
In connection with an amendment by Sen. Bush to increase the interest rates on college housing loans, Sen. Williams stated that the same principle had been adopted "in connection with the finances of the Commodity Credit Corporation, when we said that Corporation should pay to the Government the average prevailing interest rate." p. 7227
As passed by the Senate, this bill includes a provision directing the Housing and Home Finance Agency to carry out a research program on farm housing until June 30, 1959, in cooperation with the land-grant colleges.
6. BUILDINGS; DISBURSEMENTS; SAFETY; STATION TRANSFERS. The Government Operations Committee ordered reported S. 1799, to facilitate the payment of Government checks; S. 1535, to authorize GSA to make contracts for cleaning and custodial services for periods not exceeding 5 years; S. 931, to provide for reorganizing the safety functions of the Government; and S. 1408, providing allowances for transportation of house trailers by civilian employees who are transferred. pp. D469-70
7. REPORT. Both Houses received the annual report of HEW. pp. 7133, 7130
8. NOMINATION. Received the nomination of Robert Bernerd Anderson to be Secretary of the Treasury. p. 7261
9. ATOMIC ENERGY. Received from the State Department a proposed bill for U. S. participation in the International Atomic Energy Agency; to Joint Committee on Atomic Energy. p. 7133
10. FOREIGN AID. The Rules and Administration Committee reported without amendment S. Con. Res. 30, to print a compilation of studies and reports on the foreign aid program (S. Rept. 390). p. 7135
11. ELECTRIFICATION; RECLAMATION. Sen. Goldwater questioned whether there is much support for the Hells Canyon project. pp. 7140-1
Sen. Neuberger spoke in favor of the Hells Canyon proposal. pp. 7239-42
Sen. Morse spoke against rapid tax amortization for certain power projects, etc. pp. 7242-56
12. FLOOD CONTROL. Sen. Johnson, Tex., spoke in favor of flood control and related programs. pp. 7142-4

PROVIDING FOR IMPROVED METHODS OF STATING
BUDGET ESTIMATES

MAY 29, 1957.—Ordered to be printed

Mr. HUMPHREY, from the Committee on Government Operations,
submitted the following

R E P O R T

[To accompany S. 434]

The Committee on Government Operations, to whom was referred the bill (S. 434) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, having considered the same, report favorably thereon, with an amendment, and recommend that the bill, as amended, do pass. The amendment adds a new section to the bill on page 4.

PURPOSE

This bill amends the Budget and Accounting Act of 1921 to provide that estimates for proposed appropriations of the executive agencies of the Government shall, where appropriate, be determined on an annual accrued expenditure basis.

The President on four separate occasions—a special message to the Congress, May 10, 1956; a statement when he signed Public Law 863, 84th Congress, August 1, 1956; his budget message to the 85th Congress, January 16, 1957; and a letter to the Speaker of the House of Representatives, April 18, 1957—has requested this authority.

In his letter to the Speaker of the House he specifically urged the Congress to—

enact bills approved by the administration to implement Hoover Commission recommendations, such as the authorization of appropriations on the basis of annual accrued expenditures * * *.

In addition, the Secretary of the Treasury, the Director of the Bureau of the Budget, and the Comptroller General of the United States, have strongly recommended the enactment of legislation

which would authorize the conversion of appropriation estimates to an annual accrued expenditure basis.

Enactment of this legislation by the Congress would directly implement the objectives of the Second Hoover Commission, which recommended:

That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures, namely, charges for the cost of goods and services estimated to be received (recommendation No. 7, Hoover Commission Budget and Accounting Report, June 1955, p. 25).

The word "objectives" is used because this bill provides that budget estimates shall be determined on an annual accrued expenditure basis. It does not provide that congressional appropriations shall be expressed in such terms, although it follows that if budget estimates are prepared on an annual accrued expenditure basis, congressional appropriations would be made upon that basis. The last sentence of the new proposed subsection (b) (to sec. 201 of the Budget and Accounting Act of 1921), lines 8-10, page 2, of S. 434, reads:

It is therefore the policy of the Congress that *estimates for proposed appropriations* will be determined on an annual accrued expenditure basis. [Italic added.]

In no sense is this bill a mandate to the President, but a granting of authority which he has requested, as heretofore noted. Moreover, the bill gives the President the broadest flexibility with which to exercise this authority within the executive branch. Its language states clearly that estimates of appropriations shall be converted to an annual accrued expenditure basis when the President (1) deems such action to be desirable and (2) determines that it is practicable.

It is also recognized that a change of this magnitude in appropriations procedures should be approached on the basis of individual appropriations or programs. Hence, the timing of agency conversions to the annual accrued expenditure method, as well as the manner in which the transformation is made, are left to the President's discretion as circumstances in each individual agency warrant.

Under the annual accrued expenditure system, the executive agencies would present their budget estimates for a fiscal year on the basis of expenditures to be made or accrued that fiscal year only. In appropriating on this basis, the appropriations committees would grant appropriations authority for each fiscal year for expenditures actually to be made or accrued during that fiscal year only—and not for expenditures to be made in future fiscal years, as frequently occurs under the present appropriations system.

Authority would be given the Appropriations Committees of the Congress to authorize agencies to enter into contracts in advance of appropriations for the forward planning of long lead-time programs in subsequent fiscal years, under provisions of the bill.

SECTION-BY-SECTION ANALYSIS

Subsection (b) is a policy declaration by the Congress, based upon the reasons given therein, that estimates for proposed appropriations should be determined on an annual accrued expenditure basis.

Subsection (c) provides that proposed appropriations of executive agencies, authorized by the Budget and Accounting Act of 1921, shall, "to the maximum extent deemed desirable and practicable by the President," be determined on an annual accrued expenditure basis.

The second paragraph of subsection (c) provides that—

annual accrued expenditures shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

The third paragraph of subsection (c) exempts certain appropriations (such as, for the payment of claims, to provide for or increase revolving funds, for obligations for which liability is fixed by treaties, etc.), from the provisions of S. 434.

Subsection (d) provides that conversion by the executive branch to the stating of budget estimates on an annual accrued expenditure basis—

shall be accomplished in such manner and at such times as may be determined by the President.

Subsection (e) provides that at the end of each fiscal year any balance of an appropriation or fund made on an annual accrued expenditure basis which is in excess of the accrued expenditures for the year shall lapse, unless "hereafter provided otherwise in an appropriation act or other law." The subsection also provides that the amount of the accrued expenditures properly charged to the appropriation or fund for the fiscal year, but not paid during such fiscal year shall be merged as a single account with any appropriation or fund made for the same general purpose for the ensuing fiscal year.

This is to enable agencies to liquidate their accounts payable for goods or services received, but not paid for during the fiscal year from a single account, as the Hoover Commission recommended in its report.

COMMITTEE AMENDMENT

The amendment approved by the subcommittee adds a new section to the bill, as follows:

SEC. 2. (a) Whenever an appropriation bill or an amendment thereto provides for an appropriation in terms of annual accrued expenditures, or specifies that an appropriation therein is based upon annual accrued expenditures, it shall be in order to provide in any such appropriation bill or in any amendment thereto the authority to enter into contracts for the purposes of such appropriation in an amount in addition to the amount of such appropriation.

(b) The provisions of subsection (a) of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

The Appropriations Committees of the Congress do not have authority to include contract authorizations or other legislative amendments for the forward planning of long lead-time programs in an appropriation bill. Inclusion of such general legislation in an appropriation act is subject to a point of order under rule XVI of the Senate.

To resolve this problem the above amendment, proposed by Senator John F. Kennedy, of Massachusetts, sponsor of S. 434, authorizes the inclusion of contract authority in an appropriation bill in addition to the amount of appropriation made. This, in effect, changes the rules of each House of the Congress as they affect the granting of such authority in an appropriation bill.

HEARING, APRIL 12, 1957

A public hearing was held on S. 434 by the Subcommittee on Reorganization of the Senate Committee on Government Operations on April 12, 1957.

The bill was given the strongest endorsement by Senator Kennedy, Senator Frederick G. Payne, of Maine, Senator Wallace F. Bennett, of Utah, Senator Frank A. Barrett, of Wyoming, cosponsors; the Secretary of the Treasury; the Comptroller General of the United States; the Director of the Bureau of the Budget; and J. Harold Stewart, Chairman, Hoover Commission Task Force, Budgeting and Accounting, each of whom recommended, without reservation, enactment of this legislation into law.

Some concern as to proposed implementation of the legislation by the Bureau of the Budget was expressed at the hearing by W. J. McNeil, Assistant Secretary (Comptroller) of the Department of Defense, particularly with respect to the lapsing of unused contract authority at the end of a fiscal year.

The Director of the Bureau of the Budget testified that the informal outline of implementation to which Mr. McNeil referred, which the staff of the Bureau of the Budget had drafted at the Department of Defense's request, was in no sense a directive but a preliminary discussion memorandum in no way binding upon any executive agency.

It was the consensus of the subcommittee that implementation of the conversion of appropriation estimates to an annual expenditure basis is a matter to be worked out by the President, with the advice of the Bureau of the Budget, after consultation with the agencies affected, under the formula granted by the Congress in S. 434. As witnesses testified, rigid statutory restrictions as to method, application or timing of such a revolutionary change in the appropriations process would encase the program in a straightjacket which could seriously impair its effectiveness in the executive branch.

It was made clear, however, by the chairman of the subcommittee, by Senator Kennedy, the sponsor of the bill, and by the Director of the Bureau of the Budget that unused contract authority granted by the Congress for the forward planning of long lead-time programs

should ordinarily, but not necessarily, terminate at the end of a fiscal year, depending upon the specific contracting requirements of the programs involved.

It was their conviction, also, that grants of contract authority, whether obligated or not, should be reviewed annually to provide Congress with a complete report upon the status of the respective programs for which the authority was originally granted—and to determine whether such contract authority should be rescinded, extended or modified in any way.

STATEMENT BY THE SECRETARY OF THE TREASURY

In a statement to the chairman of the subcommittee, dated April 10, 1957, Secretary of the Treasury, George M. Humphrey, endorsed the objectives of S. 434, as follows:

In my letter to the chairman of this subcommittee on June 1, 1956, in connection with the hearings on S. 3897, 84th Congress, a bill to improve governmental budgeting and accounting methods and procedures, I supported completely the objectives of the Hoover Commission recommendations on budgeting and accounting. Several of these recommendations have been made effective through the enactment by the 84th Congress of Public Law 863, approved August 1, 1956, including the recommendations that, as soon as practicable, Government accounts be maintained on the accrual basis and that agency budgets be formulated and administered on a cost basis.

Agencies will be required to determine their needs on the basis of costs and maintain their accounts on an accrual basis. When this is done, only then is it possible to begin to correlate what is produced and performed with actual cost for the same period of time. This change in accounting should provide an excellent basis for improvement in control over actual costs of operations and programs. It will provide the Congress and the executive branch of the Government a better opportunity to examine and review the results of operations with estimates based on budgeted working plans which would be developed and accounted for on the basis of the cost of goods and services received for a particular fiscal year. It should reduce the vast carryover of appropriation balances representing, for the most part, obligations for goods and services to be received and paid for in subsequent fiscal years. This situation has caused me some concern in the past. Any means by which we can bring this carryover of appropriations under better scrutiny and review will be a step in the right direction.

S. 434 is a further move forward because at the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures shall lapse. This leaves a vast area of activities where capital goods and services have to be acquired for delivery beyond the year in which contracts are made. It will be necessary for the Congress to provide contract authority in these cases. I believe contract authorizations

for long-range projects are preferable over the present basis of appropriating, because they would provide a means for a thorough review and examination of progress made and commitments outstanding at the end of each year when the current budget is being considered. To secure the advantages which can be obtained through adoption of accrued expenditure-based appropriations, it will therefore be necessary for the Congress to provide affirmatively that it shall be in order in appropriation bills to include contract authority for financing of long-range activities, as is provided for in the proposed amendment to S. 434.

STATEMENT BY THE COMPTROLLER GENERAL

The following excerpts from the statement by the Comptroller General set forth, in detail, the improvements in financial management which would flow from conversion of the Government's financial structure to an annual accrued expenditure basis.

The stating of appropriations on an annual accrued expenditure basis, together with the furnishing of cost data to the Congress as provided by Public Law 863, approved August 1, 1956, would provide great impetus to improved correlation of programing, budgeting, accounting, and funding of authorized Government activities each year.

This basis of stating appropriations is a natural extension of the cost budgeting enacted in Public Law 863. Under that provision of law, the agencies will prepare annual budgets which will show the estimated costs of the authorized programs and the inventories and other assets available for use in the performance of the programs. Budgets on this basis provide needed tools for management and control of Government programs and activities in terms of annual and total costs.

However, since the present basis of stating appropriations is in terms of obligating authority, i. e., the amount of funds to be earmarked for contracts and orders covering current and future deliveries of goods and services, the amounts of the appropriations requested for any year under the present method are not, in many cases, closely related to the cost of planned performance under the programs during that year. This results in large carryovers of appropriation balances from year to year. The 1958 budget contains requests for appropriations and other obligating authority totaling \$73.3 billion. This is in addition to a \$70 billion balance of appropriations and other obligating authority carried forward from prior years, resulting in \$143.3 billion proposed to be available to the agencies during 1958, with actual expenditures estimated at \$71.8 billion.

The budget surplus or deficit is determined annually based on the difference between annual receipts and expenditures. But the appropriations, on the present basis, are in terms of obligations against the current and future years. Establishing a direct correlation between annual appropriations and expenditures vests in the Congress and the Presi-

dent a greater opportunity to control the level of operations during a particular budget year on the basis of conditions existing in that year.

As matters now stand, Congress has little control over spending once the funds are voted, and the President has limited control over spending after apportionments of authority to incur obligations are made by the Budget Director to the agencies. The present situation stems from the fact that congressional control through the appropriation of funds and Budget Bureau control through apportionments are both stated in terms of authority to obligate rather than budgeted work plans for the cost of goods and services estimated to be received by the agencies.

This does not measure currently the cost of progress or performance where long lead-time items are involved. It is only when a program is totally completed that obligations approximate costs and then only if all resources have been consumed. Under the annual accrued expenditure basis of appropriations, Congress would base its appropriations of funds on the annual costs in relation to the accomplishments obtained and to be obtained for those costs, in the light of current conditions and the inventories and other assets on hand, after considering the total estimated costs of a program.

We believe that total estimated costs should be considered by both the agencies and Congress before a program is initiated in the Government and while a program is being performed. All of the present safeguards of consideration and control of total program costs are retained under the annual accrued expenditure basis of stating appropriations. Indeed they are improved because, in addition to providing for consideration of the total estimated cost, this method of determining appropriations provides a means of direct congressional control over the yearly segments of planned performance. The proposed method provides for an orderly review by the Congress of the amount of funds needed in any year in relation to the year-by-year accomplishments and their costs as compared to each year's estimated performance and estimated costs, as well as the continuing need of the program in relation to current national and international conditions.

An examination of the present-day practices in the long lead-time areas (for example, in procurement, construction, and research and development) involving extensive reprogramming, a multitude of changes in engineering plans and specifications during the period of production of many items, and other factors, discloses the necessity for controlling total costs in terms of annual accrued expenditures. Because of these inherent by-products in the operations involved, cost budgets as provided by Public Law 863, teamed with appropriations on an accrued expenditure basis, would provide a type of continuing budget presentation that would bring out the adequacy of management planning or the lack of it and would give the Congress an opportunity to have a voice in setting the level of operations from year to year.

It is inherent in the proposed annual accrued expenditure basis of stating appropriations that congressional authority

be granted as necessary on long lead-time items for the issuance of contracts which precede the phase of operations covered in an annual accrued expenditure appropriation. The Hoover Commission noted this necessity in its discussion preceding its recommendation No. 7. We believe that the necessity for forward planning authorizations, both as to timing and amount, should be determined by the Congress as circumstances may warrant. Of course, under whatever method may be employed in granting such authorizations, the need for them would be subject to annual review from the standpoint of the costs and accomplishments, both completed and projected, and the proposed annual accrued expenditure appropriation.

This authority has been exercised in the past by the Congress in the form of "contract authorizations." The authority to include requests for such contract authorizations in the budget, which is contained in the present section 201 of the Budget and Accounting Act, 1921, in view of the definition of the term "appropriation" contained in section 2 of that act, will not be abrogated by the provisions of S. 434.

It is a significant fact, however, that heretofore both the "contract authorizations" and subsequent appropriations "to liquidate contract authorizations" were stated in terms of obligational authority. Under the annual accrued expenditure basis of stating proposed appropriations, any necessary authority to enter into contracts and orders for future delivery of goods and services would be stated on the obligational basis but the appropriation of funds would be stated annually in terms of the accrued expenditures for the year based on the more precise planning possible on a year-by-year basis of planned performance.

The need for contract authority, or any other form of obligational authority, in conjunction with annual appropriations on the accrued expenditure basis, is limited to the areas of operations where forward contracting is required to provide an orderly flow of product. It will not ordinarily be required for salaries, allowances, travel expense, and other current administrative expenses.

The determination of appropriations on the annual accrued expenditure basis, with concurrent authority to enter into contracts to insure orderly future deliveries of long lead-time items, is in no way detrimental to the interests of contractors. They would be paid for performance just as they are now, the only difference being that such payments would be made out of the funds appropriated by the Congress for that year and not out of funds appropriated in some past year.

The Government's liability to a contractor under a canceled or terminated contract would be no different than the Government's liability in similar circumstances under the present method of stating appropriations in terms of obligations. If, in the considered judgment of a Congress, a program entered into by an agency should be curtailed or eliminated in the best interests of the United States, the unperformed portion of the contract would be canceled and

undoubtedly the Congress would, if necessary, appropriate funds to pay for the termination.

The year-by-year congressional control of program performance, inherent in the annual accrued expenditure basis of stating appropriations, provides the Congress with an improved current and continuing tool for exercising restraint over contracting on a program when actual costs are substantially exceeding the original estimated costs, when performance is lagging behind schedule, or when the conditions under which the program was originally approved have changed substantially.

In view of the changes that are required in many agencies to place into effect the accrual accounting and cost budgeting practices authorized by Public Law 863, which are necessary to support appropriations on an annual accrued expenditure basis, we endorse proposed subsection 201 (c) that permits flexibility in the timing of the change in the method of stating appropriation requests. It is believed that it is essential to approach such a change on the basis of individual programs or appropriations rather than any sweeping across-the-board plan.

First of all, the successful use of these practices presumes a basic foundation of adequate accounting and the ability to program effectively. These fundamentals do not exist in a number of significant areas. To endeavor to adopt the annual accrued expenditure basis of appropriation before the groundwork is laid for it could only lead to confusion and unsatisfactory results.

Moreover, the greatest advantages to be attained are in the areas of operations involving the long-lead-time commitments, such as in major procurement, construction, and research and development. These appropriations are relatively few in number and it is logical to prove the value to Congress and the executive branch of the revised practices in such areas before complete adoption of the practices, governmentwide, in the areas where the advantages to be gained are significantly less. The selection of areas to be converted and the timing of the changes should be a matter of mutual determination by the Congress, the Budget Bureau, and the individual agency.

We believe that the legislation proposed in S. 434, if effectively implemented, would provide both the President and the Congress much greater control over Federal expenditures. We recommend its favorable consideration.

STATEMENT BY THE DIRECTOR OF THE BUREAU OF THE BUDGET

The Director of the Bureau of the Budget emphasized S. 434 would provide for improved program control, more effective management of expenditures, and would aid in achieving a balanced budget based realistically upon actual surpluses or deficits. He contrasted present appropriation procedures with that envisioned by the Bureau of the Budget under the annual expenditure method, as follows:

At the present time estimates for appropriations are presented and appropriations of funds are made to cover

the goods and services to be ordered in the budget year regardless of whether such goods and services are to be received or paid for in the budget year or in subsequent years. At the time goods or services are ordered an amount is obligated or reserved in the appropriation account to pay the vendor when such goods or services are received. In long lead-time procurement programs several years may elapse between the time of the order and the time the goods are delivered.

This practice would be changed in this way by S. 434. Budget estimates would be set forth in such a way as to segregate (a) the appropriation of funds needed in the budget year to cover the goods and services to be received in that year and (b) where needed, the authority to enter into contracts and orders for goods and services to be delivered in future years. The request for appropriation of funds in a given year, therefore, would cover the goods and services to be received in that year regardless of whether they were ordered in a prior year under contract authority or in the current year under the appropriation of funds authority.

The need for contract authority in individual agencies would vary according to the type of program conducted and the operating needs of the agency. A request for contract authority will obviously be required in long lead-time programs. Such a request may be made in addition to an accrued expenditure appropriation request for other types of programs, depending on a demonstration of the need for advance purchasing in the light of the agency's own operations.

To illustrate this point, contract authority would certainly be a part of a budget request for procurement of aircraft. This might represent a 5-year program in which some of the contracts must be awarded in the budget year to permit assembly and completion at various points in the 5-year period. On the other hand, an administrative agency may need some electronic equipment for program use which might require 2 years for delivery and installation. Or it might conduct a program that normally requires placement of an order in 1 budget year to insure delivery early in the succeeding budget year. Both of the latter would also need advance obligating authority. While the aircraft procurement program is readily recognized as a "lead time" program, the administrative agency examples illustrate the same important need for advance authority to cover specific items in the program.

The Hoover Commission in its report indicated that the Congress should restate the contract authority annually as needed. I interpret this to mean that unused contract authority at the end of each year would lapse and that requests for new authority would be made as needed each year on the basis of program requirements. I have indicated previously how the balance of appropriations of funds as of the end of each year would be disposed of under the provisions of S. 434.

Under the proposed procedure, annual estimates of proposed appropriations and contract authority would be based on a presentation to the Appropriations Committees of the agency's financial plan for conduct of a program. For example, the long-range aircraft procurement program I previously mentioned might involve a total of \$15 billion, spread evenly over a 5-year period. In the initial budget submission the accrued expenditure appropriation request would be for \$3 billion, together with a contract authority request for \$3 billion needed for forward contracting in the budget year. This would be requested as part of a plan showing the total \$15 billion cost and the contract authority and accrued expenditure requirements in each of the subsequent years of the program. The budget submission for the second year of such a program might reflect a revised estimate of performance in the current year, showing deliveries of \$2½ billion and contracts awarded in the amount of \$3 billion. If the request for the second year follows the original plan of a \$3 billion accrued expenditure appropriation and a similar amount of contract authority, it might be appropriate to cut back the accrued expenditure request on the basis of the revised estimate of current year performance. Thus, with this type of presentation each year, the executive branch and the Appropriations Committees would be able to make a more effective determination of the financing needs for the program.

This systematic annual presentation of the agency financial plan of operation, showing past performance and forward planning, is one of the benefits to be gained by use of the proposed appropriation procedure. Information of this kind may be available under present practices, but the significant point is that such data are not required by law to be brought automatically to the attention of the Congress each year nor is further congressional action required with respect to carry-over balances of continuing appropriations.

TESTIMONY OF J. HAROLD STEWART

J. Harold Stewart, of Boston, Chairman of the Hoover Commission Task Force on Budget and Accounting, emphasized it was the Hoover Commission's intention that the greatest flexibility should be granted the executive branch in implementing the conversion to the annual expenditure method of preparing appropriation estimates. He stated that the Bureau of the Budget, the Department of Defense, and other agencies of the Government must be left completely free to effect the transition by the most practical means—warning that rigid restriction would gravely impair the effectiveness of the program.

HISTORY OF LEGISLATION IN 84TH CONGRESS

The Senate on June 20, 1956, unanimously, approved S. 3897 (S. Rept. No. 2265, 84th Cong.), which contained a provision to attain the identical objectives of S. 434, together with other major financial improvements, including cost-based budgets, accrual accounting and simplification of the fund allotment system.

However, the section relating to the presentation of budget estimates on an accrued expenditure basis was stricken by the House of Representatives when it passed the bill. The elimination of the provision was agreed to in conference, when it became obvious that, because of the objections of the House, legislation implementing the other important Hoover Commission recommendations would not be enacted before the pending adjournment of the 84th Congress unless the the Senate agreed to strike the budget estimates section.

When the conference report (H. Rept. No. 2872, 84th Cong.), was approved in the Senate, spokesmen for the committee made it clear that the provisions stricken in conference would be given priority consideration upon the convening of the present Congress. The approval of the pending bill would accomplish that objective.

CONCLUSION

In summary, S. 434 gives the President authority to convert appropriation estimates, with the exception of those appropriations exempted, to an annual accrued expenditure basis, where he deems appropriate in the interests of better financial management and better control of expenditures.

It is fully recognized that if appropriations for long lead-time programs are stated on an annual accrued expenditure basis it will be necessary for the Congress to provide contract authority in terms of the dollar amount required for orderly forward contracting beyond the budget year. The bill, as amended, provides that authority.

The committee also recognizes the fact that the conversion of appropriation estimates to the expenditure basis is a revolutionary change in the Government's financial structure, the application of which by the executive branch will require the same thoughtful consideration that has been given to the granting of the authority by the Congress.

As the Comptroller General has pointed out, the annual budget surplus or deficit is measured by the difference between annual receipts and expenditures. By establishing a direct correlation between appropriations and expenditures through the enactment of S. 434, the Congress provides not only itself, but the President as well, with greater opportunity to control the level of governmental operations during a fiscal year.

It is believed, moreover, that full implementation of this legislation would tend to halt the continuing buildup of carryover balances of appropriations now available for expenditure at the discretion of the executive agencies, with little or no continuing control by the Congress.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill S. 434, as reported, are shown as follows (matter omitted is enclosed in black brackets, new material is printed in italics, existing law in which no change is made is shown in roman):

BUDGET AND ACCOUNTING ACT, 1921, AS AMENDED BY THE BUDGET
AND ACCOUNTING PROCEDURES ACT OF 1950

* * * * *

SEC. 201. (a) The President shall transmit to Congress, during the first fifteen days of each regular session, the Budget, which shall set forth his Budget message, summary data, and text, and supporting detail. The Budget shall set forth in such form and detail as the President may determine—

- (1) functions and activities of the Government;
- (2) at such times as may be practicable, information on program costs and accomplishments;
- (3) any other desirable classifications of data;
- (4) a reconciliation of the summary data on expenditures with proposed appropriations;
- (5) estimated expenditures and proposed appropriations necessary in his judgment for the support of the Government for the ensuing fiscal year, except that estimated expenditures and proposed appropriations for such year for the legislative branch of the Government and the Supreme Court of the United States shall be transmitted to the President on or before October 15 of each year, and shall be included by him in the Budget without revision;
- (6) estimated receipts of the Government during the ensuing fiscal year, under (1) laws existing at the time the Budget is transmitted and also (a) under the revenue proposals, if any, contained in the Budget;
- (7) actual appropriations, expenditures, and receipts of the Government during the last completed fiscal year;
- (8) estimated expenditures and receipts, and actual or proposed appropriations of the Government during the fiscal year in progress;
- (9) balanced statements of (1) the condition of the Treasury at the end of the last completed fiscal year, (2) the estimated condition of the Treasury at the end of the fiscal year in progress, and (3) the estimated condition of the Treasury at the end of the ensuing fiscal year if the financial proposals contained in the Budget are adopted;
- (10) all essential facts regarding the bonded and other indebtedness of the Government; and
- (11) such other financial statements and data as in his opinion are necessary or desirable in order to make known in all practicable detail the financial condition of the Government.

(b) *It is the sense of the Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essential in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the*

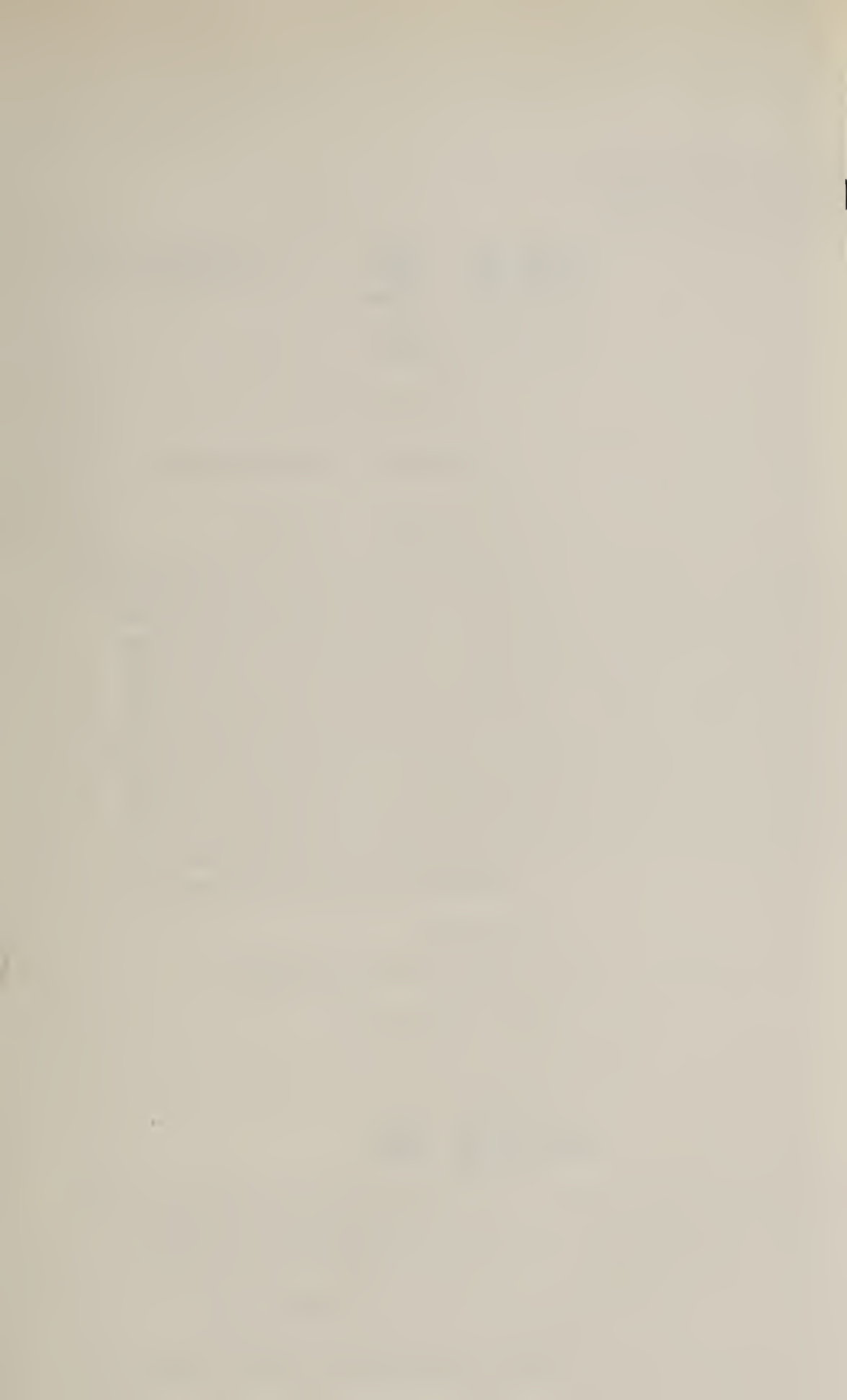
large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures. It is therefore the policy of the Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis.

(c) The amount of proposed appropriations referred to in sections 201 (a) and 203 of this Act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis. "Annual accrued expenditures" shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

This subsection shall not apply to appropriations for the payment of claims certified by the Comptroller General and of judgments; appropriations for the refund of Federal taxes and of other moneys erroneously received and covered into the Treasury of the United States; appropriations for private relief; appropriations for the payment of interest on trust funds; appropriations to provide or increase revolving funds; appropriations for the payment to former members of the Armed Forces, their dependents and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty; and other appropriations or funds analogous to the foregoing.

(d) The conversion to the use of the annual accrued expenditures method for stating proposed appropriations in accordance with section 201 (c) of this Act shall be accomplished in such manner and at such times as may be determined by the President.

(e) As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless hereafter provided otherwise in an appropriation Act or other law. Any remaining balances of each such appropriation or fund shall be merged with any appropriation or fund made for the same general purpose for the ensuing fiscal year and shall constitute a single account.



S. 434

[Report No. 394]

IN THE SENATE OF THE UNITED STATES

JANUARY 9 (legislative day, JANUARY 3), 1957

Mr. KENNEDY (for himself, Mr. PAYNE, Mr. BYRD, Mr. BRIDGES, Mr. McCLELLAN, Mr. JACKSON, Mr. SYMINGTON, Mr. HUMPHREY, Mr. THURMOND, Mr. MCCARTHY, Mr. MUNDT, Mrs. SMITH of Maine, Mr. COTTON, Mr. MARTIN of Iowa, Mr. ALLOTT, Mr. ANDERSON, Mr. BARRETT, Mr. BEALL, Mr. BENNETT, Mr. BIBLE, Mr. BUSH, Mr. BUTLER, Mr. CAPEHART, Mr. CARLSON, Mr. CASE of New Jersey, Mr. CASE of South Dakota, Mr. CHAVEZ, Mr. CURTIS, Mr. DIRKSEN, Mr. FLANDERS, Mr. GREEN, Mr. HOLLAND, Mr. HRUSKA, Mr. IVES, Mr. LAUSCHE, Mr. MAGNUSON, Mr. MARTIN of Pennsylvania, Mr. MONRONEY, Mr. MORTON, Mr. POTTER, Mr. PURTELL, Mr. ROBERTSON, Mr. SALTONSTALL, Mr. SMITH of New Jersey, Mr. SPARKMAN, Mr. TALMADGE, Mr. THYE, Mr. WATKINS, Mr. WILLIAMS, and Mr. CARROLL) introduced the following bill; which was read twice and referred to the Committee on Government Operations

MAY 29, 1957

Reported by Mr. HUMPHREY, with an amendment

[Insert the part printed in *italic*]

A BILL

To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 201 of the Budget and Accounting Act, 1921,
4 as amended, is further amended by adding the following
5 new subsections:

6 “(b) It is the sense of the Congress that revisions in

1 presentation of budget estimates and estimates for deficiency
2 and supplemental appropriations are essential in order to pro-
3 vide a more informative basis for the enactment of appropri-
4 ations by the Congress, to reduce or eliminate the large carry-
5 over balances of appropriations from one fiscal year to
6 another, and to bring about economy in Government expend-
7 itures. It is therefore the policy of the Congress that esti-
8 mates for proposed appropriations will be determined on an
9 annual accrued expenditure basis.

10 “(c) The amount of proposed appropriations referred to
11 in sections 201 (a) and 203 of this Act shall, to the maxi-
12 mum extent deemed desirable and practicable by the Presi-
13 dent, be determined on an annual accrued expenditure basis.

14 “‘Annual accrued expenditures’ shall relate to goods and
15 services to be received in a fiscal year, advance payments,
16 progress payments, and such other payments as are author-
17 ized by law to be made in such fiscal year.

18 “This subsection shall not apply to appropriations for
19 the payment of claims certified by the Comptroller General
20 and of judgments; appropriations for the refund of Federal
21 taxes and of other moneys erroneously received and covered
22 into the Treasury of the United States; appropriations for
23 private relief; appropriations for the payment of interest on
24 trust funds; appropriations to provide or increase revolving
25 funds; appropriations for the payment to former members of

1 the Armed Forces, their dependents and beneficiaries, of any
2 benefits to which they are entitled by reason of military
3 service; appropriations for the payment of pensions and an-
4 nnuities; appropriations for the payment of any obligation of
5 the United States for which liability is fixed by treaty; and
6 other appropriations or funds analogous to the foregoing.

7 “(d) The conversion to the use of the annual accrued
8 expenditures method for stating proposed appropriations in
9 accordance with section 201 (c) of this Act shall be accom-
10 plished in such manner and at such times as may be deter-
11 mined by the President.

12 “(e) As of the end of each fiscal year, the excess of any
13 appropriation or fund made on an annual accrued expendi-
14 ture basis over the accrued expenditures under such appro-
15 priation or fund shall lapse, unless hereafter provided other-
16 wise in an appropriation Act or other law. Any remaining
17 balances of each such appropriation or fund shall be merged
18 with any appropriation or fund made for the same general
19 purpose for the ensuing fiscal year and shall constitute a
20 single account.”

21 *SEC. 2. (a) Whenever an appropriation bill or an*
22 *amendment thereto provides for an appropriation in terms*
23 *of annual accrued expenditures, or specifies that an appro-*
24 *priation therein is based upon annual accrued expenditures,*
25 *it shall be in order to provide in any such appropriation*

1 *bill or in any amendment thereto the authority to enter*
2 *into contracts for the purposes of such appropriation in*
3 *an amount in addition to the amount of such appropriation.*

4 *(b) The provisions of subsection (a) of this section*
5 *are enacted by the Congress—*

6 *(1) as an exercise of the rulemaking power of the*
7 *Senate and the House of Representatives, respectively,*
8 *and as such they shall be considered as part of the*
9 *rules of each House, respectively, or of that House to*
10 *which they specifically apply; and such rules shall*
11 *supersede other rules only to the extent that they are*
12 *inconsistent therewith; and*

13 *(2) with full recognition of the constitutional right*
14 *of either House to change such rules (so far as relating*
15 *to the procedure in such House) at any time, in the*
16 *same manner and to the same extent as in the case*
17 *of any other rule of such House.*

S. 434

[Report No. 394]

A BILL

To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

By Mr. KENNEDY, Mr. PAYNE, Mr. BYRD, Mr. BRIDGES, Mr. McCELLEAN, Mr. JACKSON, Mr. SYMINGTON, Mr. HUMPHREY, Mr. THURMOND, Mr. MCCARTHY, Mr. MUNDT, Mrs. SMITH of Maine, Mr. COTTON, Mr. MARTIN of Iowa, Mr. ALLOTY, Mr. ANDERSON, Mr. BARRETT, Mr. BEALL, Mr. BENNETT, Mr. BIBLE, Mr. BUSH, Mr. BUTLER, Mr. CAPEHART, Mr. CARLSON, Mr. CASE of New Jersey, Mr. CASE of South Dakota, Mr. CHAVEZ, Mr. CURTIS, Mr. DIRKSEN, Mr. FLANDERS, Mr. GREEN, Mr. HOLLAND, Mr. HRUSKA, Mr. IYES, Mr. LAUSCHE, Mr. MAGNUSON, Mr. MARTIN of Pennsylvania, Mr. MONROEY, Mr. MORTON, Mr. POTTER, Mr. PURTELL, Mr. ROBERTSON, Mr. SALTONSTALL, Mr. SMITH of New Jersey, Mr. SPARKMAN, Mr. TALMADGE, Mr. TAYE, Mr. WATKINS, Mr. WILLIAMS, and Mr. CARROLL

JANUARY 9 (legislative day, JANUARY 3), 1957

Read twice and referred to the Committee on
Government Operations

MAY 29, 1957

Reported with an amendment

The mechanics of soils as theoretically presented by such writers is a beautiful example of mathematical analyses, based on known principles, supplemented by extensive laboratory tests and research. These men and others have carried further afield into the realm of mathematics the basic theoretical principles first annunciated by the Frenchman Coulomb in the latter part of the 18th century and later by Rankine in 1856. These principles were in 1904-16, as they are today, the basis from which engineers work in dealing with the active and passive pressures of soils. In the application to a structural design they are empirical. In practice, stresses in earth masses are estimated based on experience. They are not computed through mathematical analyses of theoretical soil mechanics, which assume either (a) elastic isotropic and homogeneous soil, or (b) a homogeneous fragmented soil. In other words, to apply these equations of determination to Culebra formations, if you will, you must assume (as in (a) above) the soil structure to have the same physical properties in all directions at all times, and must have the same composition of particles throughout, or you must have (as in (b) above) a fragmented or granular mass having cohesion in its particles of uniform magnitude throughout.

Aside from all consideration of the above, we are primarily concerned at Panama with disturbing the present stable equilibrium of deep, geological strata, extending from Gatun to Miraflores, varying constantly in its geological and intimate soil characteristics, and in horizons of strata having primary and secondary faults and marked folding. To imagine the application of theoretical mathematical exercises to predict the angles of slopes of repose, at varying depths of such strata as cut away first and then drained from +87 feet mean sea level to zero is not even academic; it is absurd.

As we lately have often heard said, "Let's look at the record." If theoretical soil mechanics, or the late development of soil engineering has an ideal field for application, it lies in the determination of slopes and the controls of soil classifications in building great earth dams in the dry, or with dry and hydraulically classified materials. Yet what happened during the construction of the Fort Peck Dam on the Missouri River? What about San Gabriel Dam No. 2? What about the failure of Belle Fourche Dam in South Dakota? Also the Alexander Dam failure in the Hawaiian Islands?

All these dams, except the Belle Fourche Dam failed by sliding during construction. In the case of the great Fort Peck Dam, over 5 million cubic yards moved suddenly toward the reservoir and at such a rapid rate that lives were lost and the whole movement was over in 10 minutes. What happened? The shale and bentonite foundation sheared. Here we had as nearly homogeneous material to deal with as would normally be found; we had all the best engineering brains brought to bear on the design and yet the dam slopes slid out. We had rotation, in other words, and then horizontal movement. Yet this was in 1938, 32 to 22 years after our work at Panama was completed and after the development of the advances in soil mechanics referred to in the digest on the sea-level project.

And now the Belle Fourche failure. This was a case of a rapid drawdown of the water level during an extreme dry season. About 600 feet of the upstream slope, slumped and slid into the reservoir.

Such examples of the relatively present period where soil mechanics or engineering progress in the so-called new art or science did not prevent grave failures, should be sufficient answer to the claims on page 9 of the digest. It is not hard to understand why engineers of experience with canal conditions are aghast at the academic or seem-

ingly impractical proposals recommended in the sea-level project. If failures of almost ideal structures are not uncommon, as exemplified above, what may we expect in the unpredictable and unprecedented conditions at Panama. If failure occurs in the main slopes between Gamboa and Paraiso, as they most surely will, even during construction, we must proceed as in the first canal days; that is, keep on digging until stability at +87 feet of water level is reached. But when unwatering from +87 feet to sea level begins, it is, in my opinion, beyond all doubt that great movements of strata will take place. In addition to these hazards we will have the condition of the Belle Fourche Dam failure, but multiplied many times in the great flood-control embankments. The certainty that great areas of the slopes next to the canal may move down with the lowering of the lake level, is hardly debatable. This will be further induced by the unbalancing of the floor of the valley between the canal and embankments, due to taking the load of 87-foot depth of water off the floor of the lake.

In closing, I must repeat I still cannot believe that any committee of the Congress, if properly advised, can be induced to recommend a sea-level canal at Panama. The unnecessary waste of unknown billions of moneys, the certainty of temporarily losing the existing passageway between the oceans with prolonged interruption to commerce, and, finally, the futility of it all if ever completed, in comparison with the existing canal, just does not make sense, in my opinion.

Yours cordially,

GEO. M. WELLS,
Consulting Engineer, Formerly With
Isthmian Canal Commission.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCLELLAN, from the Committee on Government Operations, without amendment:

S. 1791. A bill to further amend the Reorganization Act of 1949, as amended, so that such act will apply to reorganization plans transmitted to the Congress at any time before June 1, 1959 (Rept. No. 386).

By Mr. McCLELLAN, from the Committee on Government Operations, with amendments:

S. 1941. A bill to authorize the payment by the Bureau of Public Roads of transportation and subsistence costs to temporary employees on direct Federal highway projects (Rept. No. 387).

By Mr. HUMPHREY, from the Committee on Government Operations, without amendment:

S. 1536. A bill to amend subsection 507 (a) of the Federal Property and Administrative Services Act of 1949, as amended (Rept. No. 388).

By Mr. HUMPHREY, from the Committee on Government Operations, with an amendment:

S. 434. A bill to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations (Rept. No. 394).

(See the remarks of Mr. HUMPHREY when he reported the above bill, which appear under a separate heading.)

By Mr. CAPEHART, from the Committee on Government Operations, with amendments:

S. 806. A bill to authorize the Administrator of General Services to quitclaim all interest of the United States in and to certain lands located in Indiana to the State of Indiana and to the board of trustees for the Vincennes University, Vincennes, Ind. (Rept. No. 389).

By Mr. TALMADGE, from the Committee on Rules and Administration, without amendment:

H. R. 790. An act to amend the Legislative Appropriation Act, 1955, with reference to official office expenses of Members of Congress (Rept. No. 392);

H. R. 7234. An act to fix the responsibilities of certifying officers and disbursing officer of the Library of Congress (Rept. No. 393);

S. Con. Res. 30. Concurrent resolution to print a compilation of studies and reports on the foreign-aid program (Rept. No. 390);

S. Res. 139. Resolution to print additional hearings on S. 963, control of advertising on interstate highways; and

S. Res. 140. Resolution authorizing the printing of additional copies of Senate Report No. 130, 85th Congress, 1st session, entitled "Juvenile Delinquency" (Rept. No. 391).

REPORTS ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON of South Carolina, from the Joint Select Committee on the Disposition of Executive Papers, to which were referred for examination and recommendation two lists of records transmitted to the Senate by the Archivist of the United States that appeared to have no permanent value or historical interest, submitted reports thereon, pursuant to law.

IMPROVED METHODS OF STATING APPROPRIATION ESTIMATES—REPORT OF A COMMITTEE

Mr. HUMPHREY, Mr. President, from the Committee on Government Operations, I report favorably, with an amendment, the bill (S. 434) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, and I submit a report (No. 394) thereon. The bill was introduced by the Senator from Massachusetts [Mr. KENNEDY] (for himself, Mr. PAYNE, Mr. BYRD, Mr. BRIDGES, Mr. McCLELLAN, Mr. JACKSON, Mr. SYMINGTON, Mr. HUMPHREY, Mr. THURMOND, Mr. MCCARTHY, Mr. MUNDT, Mrs. SMITH of Maine, Mr. COTTON, Mr. MARTIN of Iowa, Mr. ALLOTT, Mr. ANDERSON, Mr. BARRETT, Mr. BEALL, Mr. BENNETT, Mr. BIBLE, Mr. BUSH, Mr. BUTLER, Mr. CAPEHART, Mr. CARLSON, Mr. CASE of New Jersey, Mr. CASE of South Dakota, Mr. CHAVEZ, Mr. CURTIS, Mr. DIRKSEN, Mr. FLANDERS, Mr. GREEN, Mr. HOLLAND, Mr. HRUSKA, Mr. IVES, Mr. LAUSCHE, Mr. MAGNUSON, Mr. MARTIN of Pennsylvania, Mr. MONRONEY, Mr. MORTON, Mr. POTTER, Mr. PURTELL, Mr. ROBERTSON, Mr. SALTONSTALL, Mr. SMITH of New Jersey, Mr. SPARKMAN, Mr. TALMADGE, Mr. THYE, Mr. WATKINS, Mr. WILLIAMS, and Mr. CARROLL).

This bill authorizes the President to convert the appropriation estimates of the executive agencies of the Government to an annual accrued expenditure basis wherever such a transformation in the budgetary process is conducive to better fiscal control, improved financial management and economy in Government operations.

I invite the Senate's attention to the fact that the President on four separate occasions has requested this authority. In his last statement, a letter to the

Speaker of the House of Representatives, April 18, 1957, on holding Federal expenditures to a minimum, he specifically urged the Congress to "enact bills approved by the administration to implement Hoover Commission recommendations, such as the authorization of appropriations on the basis of annual accrued expenditures."

In addition, at hearings held by the Subcommittee on Reorganization of the Committee on Government Operations, the Secretary of the Treasury, the Director of the Bureau of the Budget, and the Comptroller General of the United States strongly recommended the enactment of this legislation as a means of, first, improving financial management within the executive branch; and second, strengthening the Congress' control over expenditures by the executive agencies. As noted, the bill directly implements the Hoover Commission's recommendations for improved fiscal control.

In stating budget estimates on an annual accrued expenditure basis, the executive agencies would present their estimates for the fiscal year on the basis of expenditures actually to be made or to be accrued that fiscal year only—and not for expenditures to be made in subsequent fiscal years, as frequently occurs under the present appropriations system.

It is fully recognized by the committee that if appropriations for long lead-time programs, such as the building of an aircraft carrier, are converted to the annual accrued expenditure basis, authority must be provided in the dollar amount required for forwarding contracting beyond the current budget year in which the program is started. The committee amendment, therefore, authorizes the Appropriations Committees to grant contract authority to the executive agencies where necessary for the forward planning of long lead-time programs.

It is also recognized that a change of this magnitude in appropriations procedures should not be approached on a governmentwide basis, but on the basis of individual appropriations where such a transformation is warranted by the budgetary situation in each Federal agency. The President, therefore, is given the broadest discretion as to implementation of the authority granted by this bill.

The Senate endorsed this proposal last year when, on June 20, 1956, it unanimously approved S. 3897, which contained the identical objectives of the present bill, S. 434, together with other improvements in the Government's financial operations. However, the section relating to budget estimates was stricken by the House of Representatives when it acted on S. 3897.

In conclusion, I should like to emphasize that this bill not only has the endorsement of the highest financial officers of the Government, but also that of the foremost economists of the Nation who recommend its enactment into law. I urge its early consideration by the Senate.

This is a bill which is introduced by our illustrious and esteemed colleague, the Senator from Massachusetts [Mr. KENNEDY]. It is a bill which is an ad-

ministration proposal, and a bill which is supported by the junior Senator from Minnesota, all the members of his subcommittee, and of the full committee. I ask that the bill be printed and that the report be printed, and that the bill be placed on the calendar.

The VICE PRESIDENT. The report will be received, and the bill will be placed on the calendar.

PRINTING OF ADDITIONAL COPIES OF "REPORT ON THE DEVELOPMENT OF SCIENTIFIC, ENGINEERING, AND OTHER PROFESSIONAL MANPOWER"—REPORT OF A COMMITTEE

Mr. HUMPHREY. Mr. President, from the Committee on Government Operations I report an original resolution and ask for its immediate consideration.

This resolution would authorize the printing of 7,000 additional copies of a report entitled "Report on the Development of Scientific, Engineering, and Other Professional Manpower." The report was prepared by the Legislative Reference Service of the Library of Congress, under the direction of Dr. Charles A. Quattlebaum, specialist in education, at the request of three subcommittees of the Senate and the House and other Members of Congress.

The adoption of the resolution is necessary because the Joint Committee on Atomic Energy and the House Committee on Education and Labor have already utilized most of the funds available to the Joint Committee on Printing for the printing of copies required for the use of those committees. My own interest in this problem is one of long standing. From my own background work on the subject, I know the report will elicit a large nationwide demand. As chairman of the Subcommittee on Reorganization, I therefore requested the chairman of the Committee on Government Operations to submit the subject resolution to the members of the committee for their approval. Upon the poll of the committee, at the direction of the chairman, there has been unanimous approval of the resolution.

The urgency in requesting immediate consideration is due to the fact that the printing of the report, which is now in page form, has been held up in order that the 7,000 additional copies authorized by the resolution might be printed simultaneously with the other copies to be furnished to the other participating committees.

The cost of the additional copies authorized by the resolution is within the \$1,200 limitation required under the Senate rules, and it will not therefore be necessary to have the concurrence of the House of Representatives.

Mr. President, the resolution is self-explanatory. As I indicated earlier, the resolution has been cleared with the Committee on Rules and Administration, with the majority leader, and the minority leader, and with both Republican and Democratic ranking members of the committee. It has the unanimous approval of the committee.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The resolution (S. Res. 142) was read, as follows:

Resolved, That there be printed 7,000 additional copies of the report entitled "Report on the Development of Scientific, Engineering, and Other Professional Manpower," prepared by the Legislative Reference Service of the Library of Congress. Such additional copies shall be for the use of the Senate Committee on Government Operations.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered, and agreed to.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HILL:

S. 2173. A bill to promote safety in transportation by motor vehicle in interstate commerce by assisting the States to establish programs for driver education; to the Committee on Labor and Public Welfare.

By Mr. SMITH of New Jersey:

S. 2174. A bill for the relief of Miklos Gerway; to the Committee on the Judiciary.

By Mr. IVES:

S. 2175. A bill to provide for the registration and reporting of employee welfare and pension benefit plans, and for other purposes; to the Committee on Labor and Public Welfare.

By Mr. RUSSELL:

S. 2176. A bill to amend the Agricultural Adjustment Act of 1938, as amended, to establish a certificate and domestic parity plan for upland cotton, to enable the American cotton farmers to farm and secure a fair return from the users of their products for their labor and investment, to preserve the historical relationship of cotton and competing fibers in domestic markets in the interest of the general welfare, and for other purposes; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. RUSSELL when he introduced the above bill, which appear under a separate heading.)

By Mr. McCLELLAN (by request):

S. 2177. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, and for other purposes; to the Committee on Government Operations.

(See the remarks of Mr. McCLELLAN when he introduced the above bill, which appear under a separate heading.)

By Mr. BEALL:

S. 2178. A bill for the relief of Mihail Zanakis; to the Committee on the Judiciary.

By Mr. YOUNG:

S. 2179. A bill to amend the Soil Bank Act so as to authorize the maintenance of wetlands in the conservation reserve program; to the Committee on Agriculture and Forestry.

By Mr. WATKINS:

S. 2180. A bill for the relief of Jean Joseph Cypers; to the Committee on the Judiciary.

By Mr. GOLDWATER:

S. 2181. A bill for the relief of Theodore Tanaka Smith; to the Committee on the Judiciary.

By Mr. DIRKSEN:

S. 2182. A bill for the relief of George E. Kitrinlari and Demetroula E. Kitrinlari; to the Committee on the Judiciary.

By Mr. MURRAY:

S. 2183. A bill to amend the act of August 2, 1956 (70 Stat. 940), providing for the establishment of the Virgin Islands National

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 6, 1957
For actions of June 5, 1957
85th-1st, No. 96

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HIGHLIGHTS: (See Page 6,)

HOUSE

1. FOREIGN TRADE; SURPLUS DISPOSAL. The Rules Committee reported an open rule waiving points of order on H.R. 6974, to extend the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) for one year. pp. D492, A4396, A4398
2. ACREAGE ALLOTMENTS. A subcommittee of the Agriculture Committee ordered reported with amendment H.R. 5678 (a clean bill is to be introduced), to make automatic the provision for protection of unused acreage allotment history during the period of the Soil Bank. pp. D491-92
3. LOANS. Received from the Budget Bureau a proposed bill "to insure greater consistency among Federal loan programs, to avoid hidden subsidies, and to achieve more effective coordination between Federal loan programs and the fiscal and credit policies of the Federal Government"; to Ways and Means Committee. p. 7526

SENATE

4. APPROPRIATIONS. The Agriculture Subcommittee ordered reported to the full Appropriations Committee H.R. 7441, the agricultural appropriation bill. p. D490
Sen. Johnson inserted a summary of Senate reductions in appropriation bills for 1958 as of June 5. p. 7468

5. RESEARCH. S. Res. 131, to print the report of the Commission on Increased Industrial Use of Agricultural Products, was reconsidered and agreed to with an amendment providing that the report be printed. p. 7466
6. FOREIGN TRADE. Passed without amendment H.R. 4136, extending for 5 years, until 1963, the power of the Export-Import Bank to make loans. pp. 7467, 7472, 7480-1. This bill will now be sent to the President.
7. BUDGETING. Passed as reported S. 434, to authorize budgeting on an accrued expenditures basis. pp. 7468-71
8. DISEASE INSPECTION. Sens. Humphrey and Thye urged a review of the procedures used in brucellosis inspection which they asserted were slowing up the fight on brucellosis and the discovery of reactors. pp. 7474-5
9. REORGANIZATION. Passed without amendment S. 1791, extending the Reorganization Act of 1949 until June 1, 1959. pp. 7485-6
10. WILDERNESS. Sen. Morse criticized the reduction made in the Three Sisters Wilderness Area and urged a review of wilderness procedures. He inserted a speech by the Chief of the Forest Service on 'The National Forest Wilderness System.' pp. 7509-11
11. BUILDINGS. The Subcommittee on Public Buildings and Grounds agreed to report to the Public Works Committee a bill to amend the Public Buildings Purchase Contract Act of 1954. p. D491
12. ELECTRIFICATION; RECLAMATION; TAX AMORTIZATION. Sen. Morse inserted a petition urging a high dam at Hells Canyon and a news article on the Idaho Power Co. tax amortization situation. p. 7444
Sen. Church inserted an editorial criticizing the White House stand on Pacific Northwest resources development as contradictory, and several letters on the Pleasant Valley Dam proposal. pp. 7460-2
Sen. Neuberger inserted two articles on the urgent need of Ore. for power, and urged a new priority system for industrial uses of power. pp. 7462-3
Received from the Interior Department supplemental data to its report on the Trinity River section, Central Valley project. p. 7442
Sen. Goldwater inserted a statement on the cost to the U.S. of the Idaho Power Co. tax writeoff certificates, stating that the figures given were arrived at by "mathematical legerdemain." pp. 7482-3
Sen. Neuberger inserted two editorials criticizing the fast tax writeoff given the Idaho Power Co. pp. 7506-7
Sen. Morse inserted an editorial supporting his position on the Idaho Power Co. tax amortization certificates, and another supporting his stand on criticism of the President. p. 7511
Sen. Morse inserted an editorial "Hells Canyon and Taxes," which urged that rapid amortization be abandoned. p. 7512
13. EXPENDITURES; PERSONNEL. The Joint Committee on Reduction of Nonessential Federal Expenditures submitted its report on Federal employment and pay for April. pp. 7444-3
14. FARM BUREAU. Sen. Wiley inserted excerpts from the Wis. Farm Bureau's newspaper commemorating the dedication of its new State office building. pp. 7455-7

ORDER FOR ADJOURNMENT TO TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today, it stand in adjournment until 12 o'clock tomorrow.

The PRESIDENT pro tempore. Without objection, it is so ordered.

NOTICE OF CONSIDERATION OF PROTOCOL BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF CANADA

Mr. JOHNSON of Texas. Mr. President, I desire to make an announcement. We have on the Executive Calendar Executive C, a protocol between the Government of the United States and the Government of Canada relating to the sockeye salmon fisheries in the Fraser River system.

I should like to announce, for the information of all Senators, that we shall proceed to the consideration of the Executive Calendar on tomorrow. As usual, we will have a yea-and-nay vote on the treaty, and so I particularly want all Senators to be on notice.

NEW CRISIS IN THE MIDDLE EAST

Mr. JAVITS. Mr. President, a new crisis is building up in the Middle East. This time political—not military—but just as serious. There is an indicated breakdown of international support for the maintenance of the Palestine Arab refugees through the United Nations Relief and Works Agency for Palestine Refugees and notice of a new declaration of economic warfare on Israel by the Arab League. The league's economic council has just voted to start the process—unless halted by more levelheaded Arab leadership—of tightening the boycott and blockade of Israel and blacklisting firms, even American firms, that sell to Israel. It will be recalled that it was the Arab League, sparked by Egypt and Syria, which in 1955 kicked over the Johnston plan for the use of the Jordan River waters through a United Nations authority—which had been agreed to by Israel and Jordan, the two principal countries interested—and with it one of the Mideast's best hopes for peace and stability. This new crisis is threatened at a time when there were reasons for looking toward a brightening situation.

The military situation is relatively stable; the influence of Colonel Nasser is diminishing; United Nations and United States-Israel relations are much improved; the Eisenhower doctrine has been accepted in practical effect by the Arab countries, other than Syria and Egypt, and by Israel; and the United Nations emergency force remains in the Gaza strip and on the Gulf of Aqaba.

I urge the administration to start a major drive now in the Middle East for the resettlement of Palestine Arab refugees in the Arab lands. To do this, we should call in our Ambassadors and block out a diplomatic campaign to win acceptance for the Johnston plan for the devel-

opment of the Jordan River Valley as the first step among the governments involved, and we should follow through from that point.

We are about to consider the Mutual Security Act again. It contains provisions allowing of our backing for regional development programs in the Mideast like the Johnston plan, and it also provides continued authorization for our share of the United Nations cost of caring for the Palestine Arab refugees.

The same principle is applicable to the remainder of the \$200 million available under the Eisenhower doctrine authorization resolution. It means that our Government needs to pursue the initiative with determination, which was opened to us by the failure of Egyptian influence to dismember Jordan and the first success of the Eisenhower doctrine in that operation.

Most observers believe that the Palestine Arab refugees remain one of the most nettling problems standing in the way of some affirmative progress toward permanent peace in the Middle East. I have been in the Gaza strip recently, and have seen the Palestine Arab refugees there. From my personal observation, I am convinced that the camps no longer contain any appreciable numbers of doctors, lawyers, educators, or other professional or merchant class people, but that those remaining are essentially farmers who should be relatively easy to resettle. By now it is clearly recognized even by objective Arab statesmen themselves that substantial resettlement is practical only in the Arab States. Israel has already admitted 5,000 of such refugees officially, and is, I understand, permitting some 40,000 more to remain unofficially to reunite Arab families. Israel will, I believe, repatriate some additional modest number, but cannot be asked to admit a potential fifth column by the tens of thousands.

The Johnston plan provides for dividing the waters of the Jordan River and its tributary the Yarmuk, with Israel getting 40 percent and the Arab States 60 percent of the water. This project would reclaim enough desert to resettle an estimated one-half of the about 500,000 Palestine Arab refugees in Jordan, whose natural restlessness has contributed much to Jordan's unsettlement, now comprising the bulk of all the 800,000 to 900,000 Palestine Arab refugees; 922,000 are reportedly drawing U. N. rations. The project will aid as well in facilitating the settlement of the increased thousands of European and Arab-land Jewish refugees coming to Israel. The plan involves estimated costs of \$200 million; and sharing of costs, contributions by the Arab States, Israel, and our country as well as others, remain to be worked out, but the objections to it are political, and this is the time when they can be overcome.

Our country has a large financial stake in this matter, too, aside from the overriding issue of peace, as we have been contributing about 70 percent of the funds contributed by participating member nations in the U. N. for the support of the Palestine Arab refugees, through the U. N. Relief and Works Agency for Palestine Refugees, having contributed approximately \$173 million from June 1948

to the present. We are also committed to participate in a U. N. resettlement fund of \$200 million, of which less than 10 percent has been spent for rehabilitation because of Arab opposition to resettlement projects. Moscow has never contributed one penny to helping the Palestine Arab refugees, and even the oil-rich Arab States have contributed small sums of under \$100,000 a year. Also involved is the financial viability of Jordan, a key Mideast problem, and one the Johnston plan could affect mightily for the good.

RETIREMENT OF OFFICERS AND MEMBERS OF THE METROPOLITAN AND OTHER POLICE FORCES

Mr. WILLIAMS. Mr. President, the unfinished business is Senate bill 1770, and I have made a motion that the bill be recommitted. At this time I ask unanimous consent that I may withdraw my motion.

The PRESIDENT pro tempore. Without objection, the motion is withdrawn.

Mr. BIBLE. Mr. President, the discussion of the bill last Monday was most helpful. A number of points were made during the debate which deserve further consideration by the Committee on the District of Columbia. I have conferred with the ranking minority member on the committee, the junior Senator from Maryland [Mr. BEALL] and at this time I ask unanimous consent that Senate bill 1770 be recommitted to the Committee on the District of Columbia.

The PRESIDENT pro tempore. Without objection, the bill will be recommitted.

EXTENSION TIME FOR MAKING OF LOANS BY EXPORT-IMPORT BANK

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of order of business No. 337, House bill 4136.

The PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 4136) to extend the period within which Export-Import Bank of Washington may make loans.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

PRINTING OF ADDITIONAL HEARINGS ON S. 963, CONTROL OF ADVERTISING ON INTERSTATE HIGHWAYS

Mr. HAYDEN. Mr. President, I move that the Senate proceed to the immediate consideration of Senate Resolution 139, Calendar No. 398.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). The resolution will be stated by title.

The LEGISLATIVE CLERK. A resolution (S. Res. 139) to print additional hear-

ings on S. 963, control of advertising on interstate highways.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arizona.

The motion was agreed to; and the Senate proceeded to consider the resolution.

Mr. HAYDEN. The purpose of the resolution is to authorize the printing of 800 additional copies of the hearings relating to control of advertising on interstate highways.

The PRESIDING OFFICER. The question is on agreeing to the resolution. The resolution (S. Res. 139) was agreed to.

Summary of House and Senate action on fiscal 1958 appropriations, June 5, 1957

Bill	Amount of Senate reduction under House		Public-law figure under estimate	
	Amount	Percent	Amount	Percent
Treasury-Post Office.....	None	-----	-\$80,364,000	2.0
Commerce.....	-\$40,100,770	-----	-273,722,775	31.5
State-Justice-Judiciary.....	-714,500	-----	-102,758,509	15.4
General Government matters.....	-11,000	-----	-4,911,500	23.8
Total.....	-40,826,270	0.9	-461,756,784	8.4

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I express the hope that next week we shall have available for the consideration of the Senate the Agriculture Department appropriation bill, the District of Columbia appropriation bill, the independent offices appropriation bill, and the Labor-Health, Education, and Welfare appropriation bill. Those bills are now in the final stages of being approved by either the subcommittee or the full Committee on Appropriations. Proper notice will be given. Consent has been granted to file reports when the Senate is not in session.

I hope all Members of the Senate who are interested in any of those bills will obtain copies of the hearings and reports just as soon as they are filed, and study them, because we do expect to have a very heavy schedule of appropriation bills next week.

Mr. President, it is not the intention to have a meeting of the Senate on Friday. We are hopeful that the Committee on Appropriations can use Friday and Saturday to good advantage in the consideration of those bills previously mentioned, and that the Committee on Foreign Relations can do the same, since it has under consideration the atomic energy and mutual security bills.

In the event there are appropriation bills which are ready to be considered, and there is no objection, we could meet on Friday, but I doubt that that will be the case. I think all Senators may be assured there will be no controversial legislation considered on Friday, even if there should be a meeting of the Senate on that day. I wish to give that notice as far in advance as possible, so that Senators may make their plans.

Mr. President, I now desire to make a motion.

The PRESIDING OFFICER. The Senator from Texas has the floor.

SUMMARY OF HOUSE AND SENATE ACTION ON FISCAL 1958 APPROPRIATIONS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a summary of House and Senate action on fiscal 1958 appropriations, as of June 5, 1957. This summary lists the bills, the amount of the Senate reductions under the House figures, and the amount by which the public law figures are under the estimates as well as the percentages for each.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

IMPROVED METHODS OF STATING BUDGET ESTIMATES, ETC.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the immediate consideration of Senate bill 434, Calendar No. 402.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 434) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Government Operations, with an amendment on page 3, after line 20, to insert:

SEC. 2. (a) Whenever an appropriation bill or an amendment thereto provides for an appropriation in terms of annual accrued expenditures, or specifies that an appropriation therein is based upon annual accrued expenditures, it shall be in order to provide in any such appropriation bill or in any amendment thereto the authority to enter into contracts for the purposes of such appropriation in an amount in addition to the amount of such appropriation.

(b) The provisions of subsection (a) of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

So as to make the bill read:

Be it enacted, etc., That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsections:

"(b) It is the sense of the Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essential in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriations from 1 fiscal year to another, and to bring about economy in Government expenditures. It is therefore the policy of the Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis.

"(c) The amount of proposed appropriations referred to in sections 201 (a) and 203 of this act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis.

"Annual accrued expenditures shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

"This subsection shall not apply to appropriations for the payment of claims certified by the Comptroller General and of judgments; appropriations for the refund of Federal taxes and of other moneys erroneously received and covered into the Treasury of the United States; appropriations for private relief; appropriations for the payment of interest on trust funds; appropriations to provide or increase revolving funds; appropriations for the payment to former members of the Armed Forces, their dependents and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty; and other appropriations or funds analogous to the foregoing.

"(d) The conversion to the use of the annual accrued expenditures method for stating proposed appropriations in accordance with section 201 (c) of this act shall be accomplished in such manner and at such times as may be determined by the President.

"(e) As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless hereafter provided otherwise in an appropriation act or other law. Any remaining balances of each such appropriation or fund shall be merged with any appropriation or fund made for the same general purpose for the ensuing fiscal year and shall constitute a single account."

SEC. 2. (a) Whenever an appropriation bill or an amendment thereto provides for an appropriation in terms of annual accrued expenditures, or specifies that an appropriation therein is based upon annual accrued expenditures, it shall be in order to provide in any such appropriation bill or in any amendment thereto the authority to enter into contracts for the purposes of such appropriation in an amount in addition to the amount of such appropriation.

(b) The provisions of subsection (a) of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in

such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

Mr. HUMPHREY. Mr. President, I appreciate the action of the Senate in considering Calendar No. 402, S. 434, the bill introduced by the Senator from Massachusetts [Mr. KENNEDY] for himself and 49 other Members to provide for the stating of appropriation estimates on an annual accrued expenditure basis.

The bill was referred to the Committee on Government Operations and to the Subcommittee on Reorganization, of which it is my privilege to be chairman.

Last year a similar measure was before the Subcommittee on Reorganization, at which time the Senator from Massachusetts [Mr. KENNEDY] was the chairman and I was a member of the committee. The Senate passed that bill in the previous congress but the annual accrued expenditures provision was stricken by the House.

This year the subcommittee again held hearings, and heard testimony of officials of the executive branch of the Government, representatives of the Hoover Commission and all others interested in the bill.

I am happy to say that the bill was reported unanimously by the full committee and the subcommittee.

This bill, if enacted, would directly implement a most important objective of the second Hoover Commission report, namely that the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures, namely charges for the cost of goods and services estimated to be received. That was recommendation No. 7 of the Hoover Commission budget and accounting report.

I am convinced, Mr. President, that this bill, when passed and signed by the President, will provide for much better control over the Government's expenditures—both by the Congress and the executive branch.

I am very appreciative of the leadership the Senator from Massachusetts [Mr. KENNEDY] has given in promoting this proposed legislation. He has concentrated his attention upon it now for more than a year, and I know it is a source of satisfaction to the Senator from Massachusetts, as it is to the other sponsors, that the Senate has the bill under consideration, today.

I desire to invite attention of the Senators to the report on the bill—Senate report No. 394. I shall not ask that the report be printed in the RECORD, but I do ask that it be referred to in the RECORD, so that Senators may familiarize themselves with the details of the bill.

Mr. KENNEDY rose.

Mr. HUMPHREY. I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I wish to express appreciation to the Senator from Minnesota [Mr. HUMPHREY] for the leadership he has given on this matter. This is a most vital proposal of the Hoover Commission. It has been a matter of great interest not only to me but to the Senator from Virginia [Mr.

BYRD] and the Senator from Maine [Mr. PAYNE]. The Senator from Maine [Mr. PAYNE] was especially instrumental in bringing this proposed legislation forward. The bill would place all expenditures of the Government on an annual accrued basis, giving the Congress, as the Senator from Minnesota [Mr. HUMPHREY] said, much greater control and assuring much greater economy. It would prevent the huge carryover of funds which has made governmental accounting and appropriating so difficult in the past few years.

Mr. COTTON rose.

Mr. HUMPHREY. I wish to thank the Senator from Massachusetts. I yield now to the Senator from New Hampshire.

Mr. COTTON. Mr. President, I appreciate the Senator's yielding to me.

I was a member of the Committee on Government Operations last year. Under the able leadership of the Senator from Minnesota, the present chairman of the subcommittee, and also of the Senator from Massachusetts, who was then chairman, we worked on this bill. We were disappointed that we did not get the bill passed last session. It is the keystone of the arch of the Hoover Commission recommendations. I am glad that the bill is being considered by the Senate this morning. I wish to join in commending the Senator from Minnesota and in expressing my satisfaction that this vital legislation is now on its way.

Mr. HUMPHREY. I thank the Senator from New Hampshire. I will say to the Senator that if commendation is to be doled out, for which we are all grateful, the Senator from New Hampshire is at the head of the list.

Mr. COTTON. I thank the Senator.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a statement which I have prepared relating to this legislation, along with the Comptroller General's statement on the bill, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUMPHREY

This bill provides that estimates for proposed appropriations of the executive agencies of the Government shall, where appropriate, be prepared on an annual accrued expenditure basis.

Agencies would present their budget estimates for the fiscal year on the basis of expenditures actually to be made or to be accrued that fiscal year—not for expenditures to be made in subsequent fiscal years, as frequently occurs at present.

If appropriations are converted to the annual accrued expenditure basis, authority must be provided for forward contracting of long lead-time programs, such as the building of an aircraft carrier, which would require several years. Senator KENNEDY's amendment to the bill authorizes the Appropriations Committees to grant such contract authority where necessary for the forward planning of these long lead-time programs.

The President on four separate occasions has requested authority to convert appropriation estimates to the accrued expenditure basis where conducive to better fiscal control. In addition, the Secretary of the Treasury, the Director of the Bureau of the

Budget, and the Comptroller General strongly endorse this change in the appropriations process.

The bill directly implements the Hoover Commission's recommendations for (1) improved financial management within the executive branch; and (2) strengthening congressional control over Government expenditures.

The Senate approved the objectives of S. 434 last year when it passed S. 3897, which contained the identical objectives of the present bill. However, the budget estimates section was stricken by the House of Representatives when it acted on S. 3897.

The following statement by the Comptroller General before the Senate Subcommittee on Reorganization on April 12, 1957, is a convincing documentation of the necessity of enacting this legislation into law:

"STATEMENT OF JOSEPH CAMPBELL, COMPTROLLER GENERAL OF THE UNITED STATES, BEFORE THE REORGANIZATION SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS, UNITED STATES SENATE, ON S. 434, 85TH CONGRESS

"Mr. Chairman and members of the subcommittee, we appreciate the opportunity to appear before you to discuss S. 434 which is designed to carry out recommendations 7 and 17 of the report on budget and accounting of the second Hoover Commission. These recommendations are:

"Recommendation No. 7. That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures, namely, charges for the cost of goods and services estimated to be received.

"Recommendation No. 17. That each department and agency be authorized to maintain a single account under each appropriation title or fund for controlling the amount available for the liquidation of valid obligations."

"S. 434 provides for the submission of requests for appropriations on an annual accrued expenditure basis, with certain exceptions. Under this method, appropriations proposed by the agencies would be stated in terms of the charges for goods and services to be received during the budget year and payments otherwise authorized by law to be made during that same year. In other words, the amount of each proposed appropriation would represent the estimated amount of financing required for the program of work to be conducted during the budget year.

"The proposed legislation provides in subsection (e) that any accrued expenditures charged to the appropriation for a fiscal year but not paid during such year shall be merged with the similar appropriation for the next year to constitute a single account for disbursing purposes. The latter provision covers the accounts payable on June 30 of any year for goods and services received during that year. Any remaining balance of the appropriation shall cease to be available after the end of the fiscal year.

"We endorse S. 434. The stating of appropriations on an annual accrued expenditure basis, together with the furnishing of cost data to the Congress as provided by Public Law 863, approved August 1, 1956, would provide great impetus to improved correlation of programing, budgeting, accounting, and funding of authorized Government activities each year. Congressional control of costs and expenditures can only be achieved by the maximum utilization of many tools. The stating of appropriations on an accrued expenditure basis can be a very important tool for the Congress.

"This basis of stating appropriations is a natural extension of the cost budgeting enacted in Public Law 863. Under that provision of law, the agencies will prepare annual budgets which will show the estimated costs

of the authorized programs and the inventories and other assets available for use in the performance of the programs. Budgets on this basis provide needed tools for management and control of Government programs and activities in terms of annual and total costs.

"However, since the present basis of stating appropriations is in terms of obligating authority, i. e., the amount of funds to be earmarked for contracts and orders covering current and future deliveries of goods and services, the amounts of the appropriations requested for any year under the present method are not, in many cases, closely related to the cost of planned performance under the programs during that year. This results in large carryovers of appropriation balances from year to year. The 1958 budget contains requests for appropriations and other obligating authority totaling \$73.3 billion. This is in addition to a \$70 billion balance of appropriations and other obligating authority carried forward from prior years, resulting in \$143.3 billion proposed to be available to the agencies during 1958, with actual expenditures estimated at \$71.8 billion.

"The budget surplus or deficit is determined annually based on the difference between annual receipts and expenditures. But the appropriations, on the present basis, are in terms of obligations against the current and future years. Establishing a direct correlation between annual appropriations and expenditures vests in the Congress and the President a greater opportunity to control the level of operations during a particular budget year on the basis of conditions existing in that year.

"As matters now stand, Congress has little control over spending once the funds are voted, and the President has limited control over spending after apportionments of authority to incur obligations are made by the Budget Director to the agencies. The present situation stems from the fact that congressional control through the appropriation of funds and Budget Budget control through apportionments are both stated in terms of authority to obligate rather than budgeted work plans for the cost of goods and services estimated to be received by the agencies.

"This does not measure currently the cost of progress or performance where long lead-time items are involved. It is only when a program is totally completed that obligations approximate costs and then only if all resources have been consumed. Under the annual accrued expenditure basis of appropriations, Congress would base its appropriations of funds on the annual costs in relation to the accomplishments obtained and to be obtained for those costs, in the light of current conditions and the inventories and other assets on hand, after considering the total estimated costs of a program.

"We believe that total estimated costs should be considered by both the agencies and Congress before a program is initiated in the Government and while a program is being performed. All of the present safeguards of consideration and control of total program costs are retained under the annual accrued expenditure basis of stating appropriations. Indeed they are improved, because, in addition to providing for consideration of the total estimated cost, this method of determining appropriations provides a means of direct congressional control over the yearly segments of planned performance. The proposed method provides for an orderly review by the Congress of the amount of funds needed in any year in relation to the year-by-year accomplishments and their costs as compared to each year's estimated performance and estimated costs, as well as the continuing need of the program in relation to current national and international conditions.

"An examination of the present-day practices in the long lead-time areas (for example, in procurement, construction, and research and development) involving extensive reprogramming, a multitude of changes in engineering plans and specifications during the period of production of many items, and other factors, discloses the necessity for controlling total costs in terms of annual accrued expenditures. Because of these inherent factors in the operations involved, cost budgets as provided by Public Law 683, teamed with appropriations on an accrued expenditure basis, would provide a type of continuing budget presentation that would bring out the adequacy of management planning or the lack of it and would give the Congress an opportunity to have a voice in setting the level of operations from year to year.

"It is inherent in the proposed annual accrued expenditure basis of stating appropriations that congressional authority be granted as necessary on long lead-time items for the issuance of contracts which precede the phase of operations covered in an annual accrued expenditure appropriation. The Hoover Commission noted this necessity in its discussion preceding its Recommendation No. 7. We believe that the necessity for forward planning authorizations, both as to timing and amount, should be determined by the Congress as circumstances may warrant. Of course, under whatever method may be employed in granting such authorizations, the need for them would be subject to annual review from the standpoint of the costs and accomplishments, both completed and projected, and the proposed annual accrued expenditure appropriation.

"This authority has been exercised in the past by the Congress in the form of 'contract authorizations.' The authority to include requests for such contract authorizations in the budget, which is contained in the present section 201 of the Budget and Accounting Act, 1921, in view of the definition of the term 'appropriation' contained in section 2 of that act, will not be abrogated by the provisions of S. 434.

"It is a significant fact, however, that heretofore both the 'contract authorizations' and subsequent appropriations 'to liquidate contract authorizations' were stated in terms of obligational authority. Under the annual accrued expenditure basis of stating proposed appropriations, any necessary authority to enter into contracts and orders for future delivery of goods and services would be stated on the obligational basis but the appropriation of funds would be stated annually in terms of the accrued expenditures for the year based on the more precise planning possible on a year-by-year basis of planned performance.

"The need for contract authority, or any other form of obligational authority, in conjunction with annual appropriations on the accrued expenditure basis, is limited to the areas of operations where forward contracting is required to provide an orderly flow of product. It will not ordinarily be required for salaries, allowances, travel expense, and other current administrative expenses.

"The determination of appropriations on the annual accrued expenditure basis, with concurrent authority to enter into contracts to insure orderly future deliveries of long lead-time items, is in no way detrimental to the interests of contractors. They would be paid for performance just as they are now, the only difference being that such payments would be made out of the funds appropriated by the Congress for that year and not out of funds appropriated in some past year.

"The Government's liability to a contractor under a canceled or terminated contract would be no different than the Government's liability in similar circumstances under the present method of stating appropriations in

terms of obligations. If, in the considered judgment of a Congress, a program entered into by an agency should be curtailed or eliminated in the best interests of the United States, the unperformed portion of the contract would be canceled and undoubtedly the Congress would, if necessary, appropriate funds to pay for the termination.

"The year-by-year congressional control of program performance, inherent in the annual accrued expenditure basis of stating appropriations, provides the Congress with an improved current and continuing tool for exercising restraint over contracting on a program when actual costs are substantially exceeding the original estimated costs, when performance is lagging behind schedule, or when the conditions under which the program was originally approved have changed substantially.

"In view of the changes that are required in many agencies to place into effect the accrual accounting and cost budgeting practices authorized by Public Law 863, which are necessary to support appropriations on an annual accrued expenditure basis, we endorse proposed subsection 201 (c) that permits flexibility in the timing of the change in the method of stating appropriation requests. It is believed that it is essential to approach such a change on the basis of individual programs or appropriations rather than any sweeping across-the-board plan.

"First of all, the successful use of these practices presumes a basic foundation of adequate accounting and the ability to program effectively. These fundamentals do not exist in a number of significant areas. To endeavor to adopt the annual accrued expenditure basis of appropriation before the groundwork is laid for it could only lead to confusion and unsatisfactory results.

"Moreover, the greatest advantages to be attained are in the areas of operations involving the long lead-time commitments, such as in major procurement, construction, and research and development. These appropriations are relatively few in number and it is logical to prove the value to Congress and the executive branch of the revised practices in such areas before complete adoption of the practices, government-wide, in the areas where the advantages to be gained are significantly less. The selection of areas to be converted and the timing of the changes should be a matter of mutual determination by the Congress, the Budget Bureau, and the individual agency.

"We believe that the legislation proposed in S. 434, if effectively implemented, would provide both the President and the Congress much greater control over Federal expenditures. We recommend its favorable consideration."

Mr. HUMPHREY. I also ask that a statement prepared by the Senator from Maine [Mr. PAYNE], who is unable to be present today, be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR PAYNE

As one who has played a leading part in the development of legislation to modernize financial administration in the Federal Government it is highly gratifying to me that the Senate is today considering S. 434. As all of my distinguished colleagues know, this bill would authorize the President to state the annual budget requests to Congress in terms of annual accrued expenditures, rather than on the basis of the present concept of obligational authority. In so doing the bill would directly implement one of the most significant of the budget and accounting recommendations of the second Hoover Commission. In passing it should be noted that

this bill will, for all practical purposes, complete action on the second Hoover Commission's budget and accounting recommendations since most of them were put into effect by Executive action and legislation last year.

Before going further I want to take this opportunity to pay a word of well-deserved tribute to my very able and distinguished colleague, the junior Senator from Massachusetts [Mr. KENNEDY], for without his untiring efforts S. 434 might well never have come this far through the legislative process. In addition to Senator KENNEDY and myself the bill is sponsored by 48 other Members of the Senate, all of whom are to be commended for the valuable part they have played in the development of this very vital measure. However, very special praise should be given to the distinguished junior Senator from Minnesota [Mr. HUMPHREY], who, as chairman of the Reorganization Subcommittee of the Senate Government Operations Committee, has so ably conducted the hearings and given thorough consideration to the bill. His work in connection with this legislation has been outstanding, as is readily apparent to anyone who reads the very excellent report (S. Rept. 394) which he has submitted discussing fully and fairly the merits of this bill.

The history of the legislation which is now under consideration may fairly be said to have started in June 1955 when the second Hoover Commission submitted its budget and accounting report to the Congress. As an accountant with experience in private business and in Government, this report was of particular interest to me. Since I had long been concerned over the inadequacy of existing Federal financial practices this report held a great deal of promise. After long and careful study I drafted and introduced legislation in February of 1956 to implement most of the Commission's budget and accounting recommendations, because I was convinced that they represented the best possible approach toward putting our fiscal house in order. Twenty-one Members of the Senate joined with me in sponsoring that bill. After hearings were held in March 1956 by the reorganization subcommittee, which was then under the able chairmanship of Senator KENNEDY, it was decided that certain amendments should be made. When the White House announced in April that it had adopted the recommendations in this field which could be implemented by executive action, it was decided that a clean bill should be written and introduced. In May such a bill was submitted to the Senate by Senator KENNEDY and myself along with many of our colleagues as cosponsors. That bill contained a provision to recognize the annual accrued expenditure concept, together with other major financial improvements, such as cost-based budgets, accrual accounting, and simplification of the fund allotment system. It was passed by the Senate as reported from committee, and ultimately became Public Law 863, but only after the House of Representatives eliminated from it the provisions for stating budget requests in terms of annual accrued expenditures.

It can fairly be said, then, that S. 434 is the logical followup of the work of improving the Federal Government's financial management that was accomplished last year. Without cost-based budgeting and accrual accounting, which were established by Public Law 863, the annual accrued expenditure method of stating budget requests and appropriations could never be made to work efficiently. In other words, these items are necessary prerequisites and now that the foundation has been laid we are ready to adopt the accrued expenditure principle.

President Eisenhower has on four separate occasions specifically requested the authority contained in this bill. In addition, the principle involved is strongly recommended

by the second Hoover Commission and has the complete support of the Secretary of the Treasury, the Director of the Bureau of the Budget, and the Comptroller General. I am personally firmly convinced that until this measure is enacted Congress will never be able to get a really complete picture of the financial status of the Federal Government, and consequently will not be able to regain control of the purse which has been lost, largely because of the present cumbersome method of handling the Federal budget. It is my sincere hope that the Senate will today approve S. 434, and that this year it will be possible to secure the approval of the House of Representatives of this important concept which could be of material benefit to the Nation.

Mr. JAVITS. Mr. President, I should like to ask the Senator from Massachusetts [Mr. KENNEDY] a question about this bill, through the Senator from Minnesota.

Mr. HUMPHREY. I shall be happy to be the conduit for this discussion.

Mr. JAVITS. Will the Senator from Massachusetts tell us the extent to which the bill conforms Government budget practices to modern accounting practices? As I understand, the bill would accomplish that purpose. I think the Senator has done an outstanding job in heading this effort. I compliment him on it. I have discussed the bill with the Senator from Maine [Mr. PAYNE], whose seat is next to mine, and I know that he would join me in commending the Senator from Massachusetts who was most generous in according credit to the Senator from Maine.

I feel that this subject is extremely important. It should not be passed by without specific reference to how the bill will modernize Government accounting practices, so that the executive agencies will not be charged, in every budget, with money which they are not going to spend.

Mr. KENNEDY. The bill does bring governmental accounting more nearly into line with standard business practices, by providing that expenditures shall be placed on an annual accrued basis. As I have previously stated, it will prevent a great carryover of funds, both with respect to foreign aid and defense, which makes it almost impossible for us to know exactly what we are doing, and the effect our actions will have on the amount of money available to the executive branch. Under the new accounting practice, appropriations will be made each year. This bill, in combination with the cost-basis bill which was passed last year, will give us far greater control over the amount of money the Government will spend in each year.

So far as concerns long-range appropriations needed for defense, they will be handled through contract authorizations, but they will be subject to review each year. So I think this bill will give Congress far greater control. The reason why the Hoover Commission stated that it would save hundreds of millions of dollars is that placing this system in operation in business has brought about savings of 1, 2, and as much as 3 percent.

I think this is the most important budgetary reform in the past 15 years. I am glad the Senator from New York has brought out the importance of the

bill. We should not underrate its importance merely because the bill is passed quickly. I trust the bill will also pass the House.

Mr. JAVITS. I join the Senator in the hope that the bill will pass the House, and that the President will sign it.

I thank the Senator from Massachusetts. I think he has rendered an outstanding public service.

Mr. KENNEDY. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INCREASE IN INTEREST RATES ON SAVINGS BY CERTAIN NEW YORK BANKS.

Mr. BUSH. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks excerpts from an article entitled "Three Big Commercial Banks Move To Raise Savings Interest to 3 Percent," published in a recent issue of the New York Times, calling attention to the increase in the interest rate on savings accounts by certain New York banks.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

THREE BIG COMMERCIAL BANKS MOVE TO RAISE SAVINGS TO 3 PERCENT

Three of the five major New York City branch system commercial banks increased from 2½ to 3 percent yesterday the interest rate they will pay on savings deposits, effective July 1. A fourth is expected to take action shortly.

The move brings all of the city's big branch system banks in line with the Chase Manhattan bank, which led the local commercial bank parade to the higher rate last December.

Some 1,200,000 depositors with deposits of almost \$1 billion are expected to receive nearly \$5 million a year in added interest payments as a result of yesterday's action.

Mr. BUSH. The article calls to our attention the fact that the savers of this country, the forgotten men and women, so to speak, in the economic scheme of things for many years, are now coming into their own, to a modest extent. The article in the New York Times refers to an increase in the interest rate on savings from 2½ to 3 percent by certain banks in New York, resulting in approximately 1,200,000 depositors receiving nearly \$5 million a year on savings accounts, in those particular banks.

I also ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks an editorial entitled "Demand and Supply," published in the New York Times of June 2, 1957. The editorial commends the Federal Reserve Board for its courageous action and steady hand in connection with the op-

eration of the money markets and the credit supply.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

DEMAND AND SUPPLY

Are the Federal Reserve authorities responsible for the present so-called tight money situation?

This week's news provided us with another answer to this question in the quarterly statistics released by the Securities and Exchange Commission on new offerings of corporate securities. According to the figures of the SEC, security issues brought out by American corporations in the first quarter of 1957 set an all-time high of \$3.6 billion. This meant that corporations came into the market for 20 percent more investment funds in the first quarter of 1957 than in the last quarter of 1956. What is even more striking is the fact that the figure of \$3.6 billion represented an increase of 60 percent, as compared with the corresponding quarter of 1956.

It should be noted that this enormous difference between the volume of new corporate financing in the first quarter of 1956 and the first quarter of 1957 did not signify the emergence of business from a subnormal level of activity and production. When the SEC notes that security issues were 60 percent higher in the first quarter of 1957 than in the first quarter of 1956 it is saying that business financing in the capital market was nearly two-thirds greater than in a recent, comparable period of very active business conditions. Needless to say, corporate capital issues constitute but one category of the innumerable sources of demand for a comparatively limited volume of savings available at the present time. There are similar pressures, just to mention a few, in the form of wages, for consumer credit and for State and municipal public expenditures.

True, the Federal Reserve could create sufficient credit to meet such demands, and at the interest rate prevailing, say, a year ago. But what would be the result? By increasing the volume of money relative to land, labor, and other resources, the result would simply be to increase the prices of all of these.

Demanding that the Reserve accommodate its monetary policies, at a time of high-level employment and maximum production, to the demands of everyone who wishes to increase his resources, in one form or another, immediately, would be a little like removing the safety valve of a boiler because from time to time the exhausting steam produced disagreeable and annoying sounds.

EXTENSION OF TIME FOR MAKING OF LOANS BY EXPORT-IMPORT BANK

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate resume consideration of Calendar No. 337, House bill 4136.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 4136) to extend the period within which the Export-Import Bank of Washington may make loans.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

ADDRESS BY ROY A. ROBERTS UPON AWARD FOR DISTINGUISHED SERVICE IN JOURNALISM

Mr. MANSFIELD. Mr. President, on May 3, 1957, Mr. Roy A. Roberts, president, editor, and general manager of the Kansas City Star, was presented with the Missouri honor award for distinguished service in journalism, at the University of Missouri. On that occasion he delivered an address entitled "Newspapers in the New World Ahead." I ask unanimous consent that the address by Mr. Roberts, which I think is worthy of consideration by every Member of the Senate, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

NEWSPAPERS IN THE NEW WORLD AHEAD

Sincerely, from the heart, I thank you for this honor you have accorded me.

There are two reasons why I especially cherish it. First, it comes from my neighbors and friends who have known me all these years. Somehow, recognition from home folks, who really are the hardest to fool, counts more. More impelling, I have known the Missouri School of Journalism from its first day on. Over the years its founder—the man who had the great idea—the beloved Walter Williams, was a close, valued friend. So was Charlie Ross, the master stylist, who was with him at the start so long ago. Over the years the contribution your school has made to newspaperdom, not just here in the United States, but over the world, has been profound. Your graduates and former students can be found everywhere. Even after nearly 50 years, the school's arteries show no symptoms of hardening. Under the able leadership of Dean English it still is a major constructive force for making better and more responsible newspapers.

When it comes to passing out kudos and honors, too often the recipients have lived most of their lives. They are apt to be glib. Too often as they speak to you, they dwell upon and look to the past. That's only human.

I, too, could regale you with a human story of personages and friends, and some enemies, I have known over 50 years as a newspaperman. I have known every President of the United States from Theodore, the first Roosevelt, down to Dwight D. Eisenhower. The first, of course, only after he had retired from the White House. I don't mean just a nodding acquaintance with them. Most of them I have known rather closely, some more intimately than others. I have known every Governor of Missouri, and Kansas, too, for that matter, for a half century—the strong, the weak, too many just average. I could tell you about nearly every conspicuous figure in American journalism the past 50 years.

In my span as a worker in the journalistic vineyard, I have experienced the coming of the automobile, the airplane, radio and television and many more of these onetime magics of science, now accepted as commonplace. I have lived through two major World Wars, several small ones, and world crises too many to recount. I have been through significant political and economic revolutions—through booms and busts.

It's been a fascinating era. It has meant living to the fullest, all these years. Yet I can resist the temptation to relate to you stories and anecdotes of the past, because

the future—attempting to pry into what's ahead—is far more fascinating, yes, fantastic. That's what interests me, even at nearly 70. Certainly it is what more vitally concerns you. The pace of change is so much faster. It will continue to accelerate. The problems will be more challenging. Truly the years ahead will see a new world. Whether a better one, depends upon mankind's ability and daring to learn how to live in such a complicated scheme of things. The political and economic change will be as fast, as revolutionary as the advance of magical science in the atomic era ahead. It can't help but be.

The world, yes, life, is certainly on the move. What a great adventure it will be to live through such challenging years, to have the task of reporting them, even to be a part of them. The trite, even polite, thing to say would be that we oldsters made pretty much of a mess of our era and it is up to you to succeed where we failed. Well, frankly, I think you will strike out more often than we did. Why? Because you have a much more intricate world to live in. Your opportunity to mess things up is infinitely the greater. But the challenging future should make living a greater adventure. Oh; to be a part of it.

Before you discuss specifically what's ahead in the field of newspapers you have to ask: What kind of a world will they be produced in? The past decades especially have seen such an advance in methods of destruction, it's axiomatic now that "it's peace or else," and that "else" is terrible to contemplate.

H-bombs capable of total annihilation, guided missiles making possible push-button destruction thousands of miles away, supersonic planes not on the drawing board, but in being, that can outspeed the shell in flight from a 16-inch gun. Those are not things that are going to be; they are here. So mankind's learning to live with one another in peace is always present and first in importance.

We hear so much of the destructive forces in being that too little emphasis, and this should appeal especially to you newspapermen of the future, has been placed upon the corresponding counterpart to all this. There has been an equally magical development in the field of communications and electronics. The whole world is linked together so there is quick, almost instantaneous communication.

In some measure, at least, this knitting the world together through the airwaves can be and is almost the only answer to this buildup into this fantastic arsenal of annihilation, for the battle for peace ultimately has to be won in the minds of men. We must use this new development in communication with more effectiveness, with more imagination, and with more daring.

Dictators may attempt to put up barriers. Lack of mass ownership of receiving sets and substandard intelligence, of course, will always be a limiting factor. But no longer can any dictatorship enforce a complete blackout. A world statesman or even a national leader can make a vital policy statement. In less than 30 minutes it will be all over the globe to peoples everywhere in many languages.

Somehow, I don't like the term "containment." Its use may be necessary at times. You know what generally happens when one team has control of the ball most of the time trying this offensive or that while the other team merely wears itself out trying to improvise a defense. Too often the offensive breaks through. In this world battle for peace, essentially a battle to reach the minds of men the globe over, we need to take the offensive more. We must keep everlastingly

S. 434

IN THE HOUSE OF REPRESENTATIVES

JUNE 6, 1957

Referred to the Committee on Government Operations

AN ACT

To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 201 of the Budget and Accounting Act, 1921,
4 as amended, is further amended by adding the following
5 new subsections:

6 “(b) It is the sense of the Congress that revisions in
7 presentation of budget estimates and estimates for deficiency
8 and supplemental appropriations are essential in order to pro-
9 vide a more informative basis for the enactment of appropri-
10 ations by the Congress, to reduce or eliminate the large carry-
11 over balances of appropriations from one fiscal year to

1 another, and to bring about economy in Government expend-
2 itures. It is therefore the policy of the Congress that esti-
3 mates for proposed appropriations will be determined on an
4 annual accrued expenditure basis.

5 “(c) The amount of proposed appropriations referred to
6 in sections 201 (a) and 203 of this Act shall, to the maxi-
7 mum extent deemed desirable and practicable by the Presi-
8 dent, be determined on an annual accrued expenditure basis.

9 “‘Annual accrued expenditures’ shall relate to goods and
10 services to be received in a fiscal year, advance payments,
11 progress payments, and such other payments as are author-
12 ized by law to be made in such fiscal year.

13 “This subsection shall not apply to appropriations for
14 the payment of claims certified by the Comptroller General
15 and of judgments; appropriations for the refund of Federal
16 taxes and of other moneys erroneously received and covered
17 into the Treasury of the United States; appropriations for
18 private relief; appropriations for the payment of interest on
19 trust funds; appropriations to provide or increase revolving
20 funds; appropriations for the payment to former members of
21 the Armed Forces, their dependents and beneficiaries, of any
22 benefits to which they are entitled by reason of military
23 service; appropriations for the payment of pensions and an-
24 nuities; appropriations for the payment of any obligation of

1 the United States for which liability is fixed by treaty; and
2 other appropriations or funds analogous to the foregoing.

3 “(d) The conversion to the use of the annual accrued
4 expenditures method for stating proposed appropriations in
5 accordance with section 201 (c) of this Act shall be accom-
6 plished in such manner and at such times as may be deter-
7 mined by the President.

8 “(e) As of the end of each fiscal year, the excess of any
9 appropriation or fund made on an annual accrued expendi-
10 ture basis over the accrued expenditures under such appro-
11 priation or fund shall lapse, unless hereafter provided other-
12 wise in an appropriation Act or other law. Any remaining
13 balances of each such appropriation or fund shall be merged
14 with any appropriation or fund made for the same general
15 purpose for the ensuing fiscal year and shall constitute a
16 single account.”

17 SEC. 2. (a) Whenever an appropriation bill or an
18 amendment thereto provides for an appropriation in terms
19 of annual accrued expenditures, or specifies that an appro-
20 priation therein is based upon annual accrued expenditures,
21 it shall be in order to provide in any such appropriation
22 bill or in any amendment thereto the authority to enter
23 into contracts for the purposes of such appropriation in
24 an amount in addition to the amount of such appropriation.

1 (b) The provisions of subsection (a) of this section
2 are enacted by the Congress—

3 (1) as an exercise of the rulemaking power of the
4 Senate and the House of Representatives, respectively,
5 and as such they shall be considered as part of the
6 rules of each House, respectively, or of that House to
7 which they specifically apply; and such rules shall
8 supersede other rules only to the extent that they are
9 inconsistent therewith; and

10 (2) with full recognition of the constitutional right
11 of either House to change such rules (so far as relating
12 to the procedure in such House) at any time, in the
13 same manner and to the same extent as in the case
14 of any other rule of such House.

Passed the Senate June 5, 1957.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

JUNE 6, 1957

Referred to the Committee on Government Operations

85TH CONGRESS
1ST SESSION

H. R. 8002

IN THE HOUSE OF REPRESENTATIVES

JUNE 7, 1957

Mr. ROGERS of Florida introduced the following bill; which was referred to the Committee on Government Operations

A BILL

To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 201 of the Budget and Accounting Act, 1921,
4 as amended, is further amended by adding the following
5 new subsections:

6 “(b) It is the sense of the Congress that revisions in
7 presentation of budget estimates and estimates for deficiency
8 and supplemental appropriations are essential in order to
9 provide a more informative basis for the enactment of
10 appropriations by the Congress, to reduce or eliminate the
11 large carryover balances of appropriations from one fiscal

1 year to another, and to bring about economy in Government
2 expenditures. It is therefore the policy of the Congress
3 that estimates for proposed appropriations will be deter-
4 mined on an annual accrued expenditure basis.

5 “(c) The amount of proposed appropriations referred
6 to in sections 201 (a) and 203 of this Act shall, to the
7 maximum extent deemed desirable and practicable by the
8 President, be determined on an annual accrued expenditure
9 basis.

10 “‘Annual accrued expenditures’ shall relate to goods and
11 services to be received in a fiscal year, advance payments,
12 progress payments, and such other payments as are author-
13 ized by law to be made in such fiscal year.

14 “This subsection shall not apply to appropriations for
15 the payment of claims certified by the Comptroller General
16 and of judgments; appropriations for the refund of Federal
17 taxes and of other moneys erroneously received and covered
18 into the Treasury of the United States; appropriations for
19 private relief; appropriations for the payment of interest
20 on trust funds; appropriations to provide or increase re-
21 volving funds; appropriations for the payment to former
22 members of the Armed Forces, their dependents and bene-
23 ficiaries, of any benefits to which they are entitled by reason
24 of military service; appropriations for the payment of pen-
25 sions and annuities; appropriations for the payment of any

1 obligation of the United States for which liability is fixed
2 by treaty; and other appropriations or funds analogous to
3 the foregoing.

4 “(d) The conversion to the use of the annual accrued ex-
5 penditures method for stating proposed appropriations in
6 accordance with section 201 (c) of this Act shall be accom-
7 plished in such manner and at such times as may be deter-
8 mined by the President.

9 “(e) As of the end of each fiscal year, the excess of any
10 appropriation or fund made on an annual accrued expenditure
11 basis over the accrued expenditures under such appropria-
12 tion or fund shall lapse, unless hereafter provided otherwise
13 in an appropriation Act or other law. Any remaining bal-
14 ances of each such appropriation or fund shall be merged
15 with any appropriation or fund made for the same general
16 purpose for the ensuing fiscal year and shall constitute a
17 single account.”

18 SEC. 2. (a) Whenever an appropriation bill or an
19 amendment thereto provides for an appropriation in terms
20 of annual accrued expenditures, or specifies that an approp-
21 riation therein is based upon annual accrued expenditures,
22 it shall be in order to provide in such appropriation bill, or
23 in such amendment, the authority to enter into contracts for
24 the purposes of such appropriation in an amount in addi-
25 tion to the amount of such appropriation; however, where

1 the law authorizing such appropriation specifies a maximum
2 amount which may be appropriated, such contract author-
3 ization together with the appropriation provided for in such
4 bill or amendment, together with accrued expenditures under
5 any other appropriation theretofore made for such purpose,
6 shall not exceed the total amount previously authorized by
7 law to be appropriated for such purpose.

8 (b) The provisions of subsection (a) of this section are
9 enacted by the Congress—

10 (1) as an exercise of the rulemaking power of
11 the Senate and the House of Representatives, respec-
12 tively, and as such they shall be considered as part of
13 the rules of each House, respectively, or of that House to
14 which they specifically apply; and such rules shall su-
15 percede other rules only to the extent that they are
16 inconsistent therewith; and

17 (2) with full recognition of the constitutional right
18 of either House to change such rules (so far as relating
19 to the procedure in such House) at any time, in the same
20 manner and to the same extent as in the case of any
21 other rule of such House.

22 SEC. 3. This Act, and the amendments made thereby,
23 shall cease to be in effect July 1, 1961.

85TH CONGRESS
1ST Session

H. R. 8002

A BILL

To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

By Mr. ROGERS of Florida

JUNE 7, 1957

Referred to the Committee on Government Operations

June 11, 1957

10. LEGISLATIVE PROGRAM. Sen. Johnson urged the Senate not to discuss irrelevant subjects during the week ahead in order to allow time for full discussion of the four appropriation bills to be passed, and stated his desire to have the Senate act on H.R. 6070, the independent offices appropriation bill, and H.R. 6287, the Labor-HEW appropriation bill, on Wed., June 12, meeting at 9:30. pp. 7858, 7939-40

HOUSE

11. APPROPRIATIONS; ORGANIZATION. A subcommittee of the Government Operations Committee ordered reported with amendment the following bill: p. D516
H.R. 8002, to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations;
H.R. 6711, to extend the termination date for the submission of reorganization plans to Congress, under the Reorganization Act, until June 1, 1961;
H.R. 6900, to amend Sec. 206 of the Legislative Reorganization Act of 1946, so as to enable the Comptroller General more effectively to assist the Appropriations Committees in considering the budget by making special expenditure analyses of agency operations.
12. TRANSPORTATION. A subcommittee of the Interstate and Foreign Commerce Committee ordered reported S. 937, to amend Sec. 4 of the ICC Act so as to eliminate the necessity of ICC approval of certain rate publications, and H.R. 3233, with amendment, to amend Sec. 22 of the ICC Act so as to limit the carriage, storage, or handling of property for the U. S., State, or municipal Governments free or at reduced rates to periods during time of war or national emergency. p. D516
13. SMALL BUSINESS. The Banking and Currency Committee ordered reported H.R. 7963, to extend the Small Business Act. p. D515
14. LEGISLATIVE PROGRAM. Rep. Cramer discussed the relative support of the two parties in Congress of the President's legislative recommendations. pp. 7836-39
15. FOREIGN AFFAIRS. The Foreign Affairs Committee submitted a report on foreign policy and mutual security pursuant to H. Res. 29 (H. Rept. 551). p. 7839
16. ADJOURNED until Thurs., June 13. p. 7839

ITEMS IN APPENDIX

17. FLOOD CONTROL. Sen. Johnson expressed the great need for more dams for flood control and water conservation in Texas and inserted an article on this subject. p. A4544
18. FOREIGN TRADE. Sen. Javits stated that "failure to authorize membership in the OTC would seriously jeopardize the position of the United States as world leader," and inserted his letter to the Committee on Foreign Trade Education, Inc. outlining his views. pp. A4544-5
Rep. Gary inserted Philip M. Talbott's, Pres., Chamber of Commerce of the U. S., address urging businessmen to do everything they can to help our Government maintain policies which facilitate the growth of freer foreign trade. pp. A4579-81
19. EXHIBITS. Sen. Thye inserted his press release in support of U. S. participation in world fairs and expositions. p. A4550

20. FOREIGN AID. Sen. Talmadge inserted an editorial favoring reduction in foreign aid spending. p. A4551
21. ELECTRIFICATION. Sen. Church inserted an editorial summarizing the accomplishments of the Senate Antimonopoly Subcommittee regarding the Idaho Power Co. at Hells Canyon dam. pp. A4559-60
Rep. Evins inserted an editorial, "Propaganda Gimmick Exposed--Taxpayers Paying For Lobbying of Utilities, Oil, and Gas Companies." p. A4569
22. ST. LAWRENCE SEAWAY. Sen. Wiley inserted an article containing the facts and statistics of current work on the seaway as it "reaches its peak." p. A4563
23. FARM PROGRAM. Sen. Capehart inserted Under Secretary Morse's address, "New Dimensions In Farming," before a banquet sponsored by Charles Pfizner and Co., Inc., honoring 20 winners of 4-H Club animal health scholarships, at Terre Haute, Ind.. pp. A4567-8
24. STATEHOOD. Del. Burns inserted several articles favoring statehood for Alaska and Hawaii. pp. A4569-70
25. DAIRY INDUSTRY. Rep. Johnson, Wis., inserted an article describing the impact of dairying and the milk market on Wis. farm folk. pp. A4577-8
26. PERSONNEL. Rep. Lane inserted a Mass. Chapter of the Nat'l Ass'n of Retired Civil Employees on the high cost of living as it affects the low-income Federal civil-service annuitants. p. A4586
27. CONSERVATION. Rep. Saylor stated that conservation is not a problem for Congress alone and inserted an article commending the National Parks Ass'n on its student conservation program. p. A4591
28. BUDGET. Rep. Brooks, La. inserted Percival Brundage's, Director of the Bureau of the Budget, address, "The Federal Budget for 1958." pp. A4597-8

BILLS INTRODUCED

29. ACREAGE RESERVE. H.R. 8051, by Rep. Albert, H.R. 8063, by Rep. Edmondson, H.R. 8067, by Rep. Jarman, H.R. 8070, by Rep. Morris, H.R. 8073, by Rep. Steed, and S. 2264, by Sen. Kerr, to provide for an emergency acreage-reserve program in areas determined to be major disaster areas; to Agriculture and Forestry Committee and H. Agriculture Committee.
H.R. 8052, by Rep. Albert, H.R. 8064, by Rep. Edmondson, H.R. 8069, by Rep. Morris, and H.R. 8074, by Rep. Steed, to provide for increased participation in the acreage reserve program by producers of basic commodities in major disaster areas; to Agriculture Committee.
30. MILK. H.R. 8058, by Rep. Boyle, to require the Secretary of Health, Education, and Welfare to fix a minimum standard of 3.5 percent butterfat for whole milk; to Interstate and Foreign Commerce Committee.
31. FARM PROGRAM. H.R. 8059, by Rep. Breeding, to provide an improved farm program; to Agriculture Committee. Remarks of author. p. A4568
32. PATENTS. H.R. 8066, by Rep. Hillings, to authorize the restoration of times taken from patents covering inventions whose practice was prevented or curtailed during certain emergency periods by service of the patent owner in the Armed Forces or by governmental controls; to Judiciary Committee.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 14, 1957
For actions of June 13, 1957
85th-1st, No. 102

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HIGHLIGHTS: Senate debated mutual security authorization bill. House committee ordered reported bill to provide improved methods of stating budget estimates. House committee reported public works appropriation bill. Sen. Murray and others proposed and Sen. Murray discussed measure for improved evaluation procedures of land and water resources projects. Rep. Doad introduced and discussed bills for increased disposal of surplus commodities.

HOUSE

APPROPRIATIONS. ~~The Appropriations Committee reported H.R. 8090, the public works appropriation bill for 1958 (H. Rept. 552). pp. 8071, 8106~~

The Government Operations Committee ordered reported with amendment H.R. 8002, to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations. p. D527

The Government Operations Committee reported with amendment H.R. 6900, to amend Sec. 206 of the Legislative Reorganization Act of 1946, so as to enable the Comptroller General more effectively to assist the Appropriations Committees in considering the budget by making special expenditure analyses of agency operations (H. Rept. 567). p. 8106

2. PEANUTS. A subcommittee of the Agriculture Committee ordered reported H.R. 6764, to delete the requirement for reports from persons owning or operating peanut picking or threshing machines, and H.R. 6570, with amendment, to amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938 so as to remove green peanuts from marketing penalties. p. D526

3. FORESTRY. A subcommittee of the Interior and Insular Affairs Committee ordered reported H.R. 3358, to supplement the land-grant provisions of the Alaska Mental Health Enabling Act to permit the selection of certain public lands in Alaska. p. D527

4. ADVISORY COMMITTEES. The Government Operations Committee ordered reported with amendment H.R. 7390, to amend the Administrative Expenses Act of 1946 so as to require reports to Congress prior to the establishment of certain advisory committees. p. D527
5. TRANSPORTATION. The Interstate and Foreign Commerce Committee ordered reported with amendment H.R. 3233, to amend Sec. 22 of the ICC Act to limit the carriage, storage, or handling of property for the U. S., State, or municipal governments free or at reduced rates to periods during time of war or national emergency. p. D527
6. SMALL BUSINESS. The Banking and Currency Committee reported with amendment H.R. 7963, to extend the Small Business Act of 1953 (H. Rept. 555). p. 8106
7. BANKING. Received the annual report of the Board of Governors of the Federal Reserve System on 1956 operations. p. 8105
8. FOREIGN TRADE. Rep. Pelly discussed the effects of our trade embargo with Red China, including the amount of wheat and lumber formerly shipped to China. pp. 8098-99
Rep. Lane spoke in favor of legislation to give U. S. industries greater protection against foreign imports. pp. 8104-05

SENATE

9. FOREIGN AID. Continued debate on S. 2130, the mutual security authorization bill. pp. 8015-34, 8036-46, 8048-54, 8057-67
The Rules and Administration Committee reported without amendment S. Res. 141, extending to Jan. 31, 1958, the authority of the Special Committee to Study Foreign Aid Program (S. Rept. 435). p. 8005
Sen. Bennett inserted comments by ICA on an article by Eugene W. Castle which was critical of foreign aid spending. p. 8056
10. WATER RESOURCES. The Rules and Administration Committee reported without amendment S. Con. Res. 28, authorizing the printing of a compilation of materials concerning the development of water resources in the Columbia River Basin (S. Rept. 433). p. 8005
11. ATOMIC ENERGY. The Foreign Relations Committee ordered reported the Statute of the International Atomic Energy Agency (Exec. I, 85th Cong., 1st Sess.). p. D525
Sen. Pastore inserted the agreement and correspondence between the U.S. and Portugal concerning civil uses of atomic energy. pp. 8008-9
12. LANDS. Received a Calif. Legislature resolution urging passage of H.R. 5538, to provide that all military land withdrawals of over 5,000 acres must be approved by Congress. p. 8004
13. EXPENDITURES. Received from the National Assn. of Credit Men a resolution favoring reductions of expenditures. p. 8004
14. FLOOD CONTROL. Sen. Yarborough inserted a letter from the Region 5 Administrator, Civil Defense Administration reporting on the damage suffered in the recent floods in Texas, and commented: "The moral is plain; Flood control construction pays for itself in some areas in 1 year." pp. 8011-13

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 18, 1957
For actions of June 17, 1957
85th-1st, No. 104

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HIGHLIGHTS: Senate committee reported bills to modify relation of supports on burley and Virginia tobacco, exempt certain wheat producers from marketing penalties, transfer wheat acreage allotments of lands taken by right of eminent domain, and eliminate requirements for certain peanut reports. Sen. Capehart commended Industrial Uses Commission's report. Sen. Purtell criticized Department's report on Humane slaughter bill. Sen. Humphrey inserted statement on use of food and (see p. 6.)

SENATE

1. PEANUTS; TOBACCO; WHEAT. The Agriculture and Forestry Committee reported the following bills:
Without amendment, S. 609, eliminating the requirement of reports from persons operating peanut picking or threshing machines (S. Rept. 456), p. 8280;
Without amendment, H.R. 7259, to modify the relation of supports on burley and Virginia tobaccos (S. Rept. 457), p. 8280;
With amendment, S. 959, to exempt from marketing penalties producers of wheat used for seed or feed on the farm (S. Rept. 458), p. 8280;
With amendments, S. 606, to permit the transfer of wheat acreage allotments of lands taken from the farmer by right of eminent domain (S. Rept. 459), p. 8280
2. ATOMIC ENERGY. Debated the Statute of the International Atomic Energy Agency. pp. 8267-77, 8343-76, 8382-3, 8384-90
3. RESEARCH. Sen. Capehart commended the report of the Commission on Increased Industrial Uses of Agricultural Products, inserted his bill to expand research activities to discover new uses, and inserted his speech on the subject. pp. 8329-36

4. HUMANE SLAUGHTER. Sen. Purtell urged the passage of humane slaughter legislation and inserted this Department's adverse report on the bill and his letter to Sen. Ellender criticizing it. pp. 8336-7
5. WATER RESOURCES. Sen. Watkins inserted a speech by the Governor of Utah, "A Midcentury Appraisal of Water and Power Needs." pp. 8337-9
6. WATER POLLUTION. Received a Calif. Legislature resolution urging increased efforts to prevent the pollution of the San Francisco Bay area. p. 8278
7. FLOOD CONTROL. Sen. Johnson urged increased spending for flood control and the development of water resources. pp. 8286-7
8. FISCAL POLICY. Sen. Johnson criticized the Administration's monetary and credit policies, which he said deterred local government bodies from borrowing money. p. 8287
9. TAX AMORTIZATION. Sen. Neuberger inserted a letter from an engineer to the President discussing the probable cost of the fast tax writeoff granted the Idaho Power Co. pp. 8376-9
10. FOOD DISTRIBUTION. Sen. Humphrey inserted his statement on the use of food and fiber in our foreign policy. pp. 8383-4

HOUSE

11. BUDGETING. The Government Operations Committee reported without amendment H.R. 8002, to provide for stating appropriation estimates on an accrued expenditure basis (H. Rept. 572). p. 8437
12. ADVISORY COMMITTEES. The Government Operations Committee reported with amendment H.R. 7390, to amend the Administrative Expense Act of 1946 so as to require reports to Congress prior to the establishment of certain advisory committees (H. Rept. 576). p. 8437
13. RESEARCH. Received the report of the President's bipartisan Commission on Increased Industrial Use of Agricultural Products, pursuant to Public Law 540, 84th Congress; to Agriculture Committee. p. 8437
14. APPROPRIATIONS. Conferees were appointed on H.R. 7441, the agricultural appropriation bill for 1958 (Senate conferees were appointed June 11), and H.R. 6070, the independent offices appropriation bill for 1958 (Senate conferees were appointed June 12). p. 8394
15. MEATS. Passed over, at the request of Rep. Marshall, H.R. 7244, to amend the Packers and Stockyards Act of 1921 so as to permit deductions for a self-help meat promotion program. p. 8395
16. PERSONNEL. Passed with amendments S. 601, relative to the charging of interest on deposits in the civil service retirement fund during certain periods of separation from the service. H.R. 3084, a similar bill, was laid on the table. p. 9396
17. CONTRACTS. Passed as reported H.R. 7536, to extend the termination date of title II of the First War Powers Act of 1941 from June 30, 1957 to June 30, 1958. Under title II the President may authorize any department or agency of the Government, which is dealing with national defense, to make contracts

PROVIDING FOR IMPROVED METHODS OF STATING
BUDGET ESTIMATES AND ESTIMATES FOR DEFICIENCY
AND SUPPLEMENTAL APPROPRIATIONS

JUNE 17, 1957.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. DAWSON of Illinois, from the Committee on Government Operations, submitted the following

R E P O R T

[To accompany H. R. 8002]

The Committee on Government Operations, to whom was referred the bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

INTRODUCTORY STATEMENT

H. R. 8002 is reported by the Committee on Government Operations as part of its continuing efforts to make the Federal budget process operate more effectively and to assure congressional control over appropriated funds. Hon. Dante B. Fascell, of Florida, introduced H. R. 8083, identical with H. R. 8002, and made a major contribution to the deliberations of the subcommittee and the full committee on this most complicated subject. Hon. Glenard P. Lipscomb, of California, like Congressman Fascell, a member of the Committee on Government Operations, introduced a similar bill.

H. R. 8002 provides for the making of budget estimates and appropriations on an accrued expenditures basis. It carries out one of the principal recommendations of the Hoover Commission on Organization of the Executive Branch of the Government as contained in its report on budget and accounting. The proposal was before the committee in the 84th Congress as part of a bill which became Public Law 863, but the accrued expenditures feature of the bill was deleted. However, after further review, the committee now approves the proposal.

H. R. 8002 AS REPORTED

[H. R. 8002, 85th Cong., 1st sess.]

A BILL To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsections:

“(b) It is the sense of the Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essential in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures. It is therefore the policy of the Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis.

“(c) The amount of proposed appropriations referred to in sections 201 (a) and 203 of this Act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis.

“‘Annual accrued expenditures’ shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

“This subsection shall not apply to appropriations for the payment of claims certified by the Comptroller General and of judgments; appropriations for the refund of Federal taxes and of other moneys erroneously received and covered into the Treasury of the United States; appropriations for private relief; appropriations for the payment of interest on trust funds; appropriations to provide or increase revolving funds; appropriations for the payment to former members of the Armed Forces, their dependents and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty; and other appropriations or funds analogous to the foregoing.

“(d) The conversion to the use of the annual accrued expenditures method for stating proposed appropriations in accordance with section 201 (c) of this Act shall be accomplished in such manner and at such times as may be determined by the President.

“(e) As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless hereafter provided otherwise in an appropriation Act or other law. Any remaining balances of each such appropriation or fund shall be merged with any appropriation or fund made for the same general purpose for the ensuing fiscal year and shall constitute a single account.”

SEC. 2. (a) Whenever an appropriation bill or an amendment thereto provides for an appropriation in terms of annual accrued expenditures, or specifies that an appropriation therein is based upon

annual accrued expenditures, it shall be in order to provide in any such appropriation bill, or in any amendment thereto, in accordance with existing law, the authority to enter into contracts for the purposes of such appropriation in an amount in addition to the amount of such appropriation; however, where the law authorizing such appropriation specifies a maximum amount which may be appropriated, such contract authorization, together with the appropriation provided for in such bill or amendment, together with accrued expenditures under any other appropriation theretofore made for such purpose, shall not exceed the total amount previously authorized by law to be appropriated for such purpose.

(b) The provisions of subsection (a) of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

SEC. 3. This Act, and the amendments made thereby, shall cease to be in effect July 1, 1961.

SUMMARY OF PROVISIONS

The bill expresses the policy of the Congress that estimates of proposed appropriations be determined on an "annual accrued expenditure" basis, which is defined as relating to goods and services to be received and other payments authorized by law to be made in a fiscal year. It allows certain exemptions from this policy, such as payments of claims certified by the Comptroller General and others. It directs that the conversion to the annual accrued expenditure method be accomplished at the discretion of the President. The bill provides that, as of the end of each fiscal year, the excess of any appropriation over the accrued expenditures shall lapse unless otherwise provided by law. Any remaining balances of each such appropriation shall be merged with any appropriation for the same general purpose for the ensuing year and constitute a single account.

The bill permits appropriation bills to grant contract authority for an amount in addition to the amount of the appropriation in terms of annual accrued expenditures, but where the law authorizing such appropriation specifies a maximum amount this bill prohibits the total of any appropriation combined with such contract authority and accrued expenditures under any other appropriation from exceeding the total amount previously authorized for such purpose. It declares that the bill's provisions are enacted as an exercise of the rulemaking power of the Senate and the House. The act has a time limitation and will cease to be in effect on July 1, 1961.

PURPOSES

The bill states that revisions in presentation of budget estimates are essential—

to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures.

The conversion from the present obligational basis to an annual accrued expenditure basis is believed to be necessary to accomplish these purposes.

The author of the bill described the main purpose of the legislation—

to improve management, to give more facts, to give stricter control to Congress and actually bring about more business-like procedures in the running of our Government * * * .

The Comptroller General stated in his report dated February 12, 1957:

The stating of appropriations on an accrued expenditure basis, together with the furnishing of cost data to the Congress, as provided by Public Law 863, would provide the best opportunity for improved correlation of programing, budgeting, and accounting. Congressional control of costs and expenditures can only be achieved by the maximum utilization of many tools. The stating of appropriations on an accrued expenditures basis can be made a very important tool for the Congress if effectively installed.

HEARINGS

The Subcommittee on Executive and Legislative Reorganization held 6 days of hearings on this and other bills to improve the Federal budget system. Printed copies of these hearings are available, and contain varying views and diverse contentions. Related bills dealing with accrued expenditures were introduced by 12 Congressmen, most of whom appeared before or submitted statements to the subcommittee supporting the bills.

The legislation was supported by J. Harold Stewart, chairman of the Task Force on Budget and Accounting of the Hoover Commission on Organization of the Executive Branch of the Government. The Report on Budget and Accounting made by the Hoover Commission to the Congress on June 20, 1955 (H. Doc. No. 192) recommended that the budget and appropriations be placed on an accrued expenditures basis. An excerpt from this document is found in this report on page 14.

The Director and other officials from the Bureau of the Budget, officials of the General Accounting Office, and the Comptroller of the General Services Administration testified at length in favor of the bill presenting information on the advantages to be derived therefrom. Reports were received from a number of Government agencies, including the Treasury Department, supporting the proposal.

A number of interested organizations such as the American Institute of Accountants and others, Congressmen who were not sponsors of bills, and other individuals submitted statements urging passage.

A joint letter from Chairman Clarence Cannon and Representative John Taber of the Appropriations Committee of the House was received in which they informed the committee of their opposition to all bills requiring appropriations to be made on an accrued expenditures basis. They enclosed a report adopted by the Appropriations Committee which detailed the committee's objection to the accrued expenditures basis. The letter and report are included in full in the printed hearings of the subcommittee. Representative George H. Mahon, a member of the Appropriations Committee, appeared before the subcommittee and testified at length against the bills. Dr. Gerhald Colm of the National Planning Association also appeared at the invitation of the subcommittee and did not favor the accrual system.

SECTION-BY-SECTION ANALYSIS

The bill amends section 201 of the Budget and Accounting Act of 1921, which sets forth certain requirements and specifications for the President's budget, and adds several new subsections.

Subsection (b) recites the policy declaration that reflects the substance of the bill. This is that it is the sense of Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essential in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures. It is therefore the policy of the Congress, the bill states, that estimates for proposed appropriations will be determined on an annual accrued expenditures basis.

Subsection (c) legislates affirmatively that the amount of proposed appropriations (the estimates referred to in subsec. (b)) shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis. It is specified that "annual accrued expenditures" shall relate to goods and services to be received in a fiscal year and such other payments as are authorized by law to be made in the fiscal year. The payments for goods and services received in any fiscal year may be made during that same fiscal year or, as provided in subsection (e), in a subsequent fiscal year.

Since annual controls on the basis of goods and services to be received during a budget year would not be applicable to every appropriation, some have been specifically excluded: Appropriations for the payment of claims certified by the Comptroller General or for the payment of judgments; appropriations for the refund of Federal taxes and of other money erroneously received and covered into the Treasury; appropriations made by private relief acts of Congress; appropriations for the payment of interest on trust funds; appropriations to revolving funds; appropriations for the payment to former members of the Armed Forces, their dependents, and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty; and other analogous appropriations.

Conversion to an accrued expenditure basis presupposes adequate systems of programing, budgeting, and accounting. Therefore, subsection (d) of the bill leaves to the President the manner and the time of using the annual accrued expenditures basis for stating appropriations.

Subsection (e) provides that at the end of a fiscal year the excess of any appropriation made on an accrued expenditure basis over the accrued expenditures will lapse. This means that funds not required to pay for goods or services received in the fiscal year will no longer be available for obligation. An amount equal to the unpaid accrued expenditures, represented by the accounts payable at June 30, will merge with the appropriation or fund made for the same general purposes for the next fiscal year as a single account for payment purposes. This merging should simplify accounting requirements without impairing fiscal control.

This subsection thereby carries out another important recommendation of the Hoover Commission Report on Budget and Accounting (No. 17) which reads:

That each department and agency be authorized to maintain a single account under each appropriation title or fund for controlling the amount available for the liquidation of valid obligations.

Section 2 (a) provides for contract authority in appropriation bills based on annual accrued expenditures. Such authority is necessary for projects and programs that will extend for periods longer than 1 year. The section makes clear, however, that the appropriation for the year, plus the contract authority, plus accrued expenditures under any other appropriation for the same purpose, may not exceed any maximum amount that may be contained in the basic legislation that authorized the appropriation to be made.

Section 2 (b) recites that the enactment of the provisions of the subsection referred to above which permits the granting of contract authority in an appropriation bill is an exercise of the rulemaking power of the Senate and House and as such shall be considered a part of the rules of each House. This seeks to avoid the successful imposition of a point of order against the contract authority when an appropriation containing such is considered on the floor of either House. The section recognizes the constitutional right of either House to change its rules at any time.

Section 3 declares the act shall cease to be in effect July 1, 1961. This allows a period of 4 years to test the practicability of the new procedures.

CONTRACT AUTHORITY

If the annual accrued expenditures method of making appropriations is put into effect it will be necessary to provide a means whereby departments and agencies can plan and execute long-range programs. Under the obligation system no problem is involved because the full amount of the funds required to complete these programs is appropriated at the time the original appropriation is made. Under the accrued method only that amount which will be expended for goods and services received or for such other authorized payments which may be made in a fiscal year will be appropriated. Hence, because an appropriation of funds would be made only for the first year,

departments and agencies would need authority to enter into contracts for goods and services to be delivered in future years.

The bill permits such an authorization in section 2 (a). A question was raised during the hearings as to whether or not any contract authority authorized but unused would lapse at the end of the fiscal year for which the authorization was made. The committee felt that the legislation was sufficiently flexible to enable the departments or agencies involved to be allowed to retain such contract authority for certain specific programs, if previously approved by the Congress. However, under the new method, contract authority would be reviewed annually.

Under the present rule 21 of the House, contract authority in an appropriation bill is subject to a point of order as being general legislation. H. R. 8002 provides in section 2 (b) that the inclusion in appropriation bills of the authority to enter into contracts as provided in section 2 (a) will be considered as an exercise of the rulemaking power of the House and Senate and thereby will change the rules of both Houses accordingly.

DIFFERENCE BETWEEN OBLIGATIONAL AND ACCRUED EXPENDITURES BASES

The proposed annual accrued expenditures basis may be contrasted with the present obligational system of budgeting as explained in the following statement of the Director of the Bureau of the Budget:

At the present time estimates for appropriations are presented and appropriations of funds are made to cover the goods and services to be ordered in the budget year regardless of whether such goods and services are to be received or paid for in the budget year or in subsequent years. At the time goods or services are ordered an amount is obligated or reserved in the appropriation account to pay the vendor when such goods or services are received. In long-lead-time procurement programs several years may elapse between the time of the order and the time the goods are delivered.

This practice would be changed in this way by these bills. Budget estimates would be set forth in such a way as to segregate (a) the appropriation of funds needed in the budget year to cover the goods and services to be received in that year and (b) where needed, the authority to enter into contracts and orders for goods and services to be delivered in future years. The request for appropriation of funds in a given year, therefore, would cover the goods and services to be received in that year regardless of whether they were ordered in a prior year under contract authority or in the current year under the appropriation of funds authority.

The need for contract authority in individual agencies would vary according to the type of program conducted and the operating needs of the agency. A request for contract authority will obviously be required in long lead-time programs. Such a request may be made in addition to an accrued expenditure appropriation request for other types of programs, depending on a demonstration of the need for

advance purchasing in the light of the agency's own operations.

To illustrate this point, contract authority would certainly be a part of a budget request for procurement of aircraft. This might represent a 5-year program in which contracts must be awarded in the budget year to permit assembly and completion at various points in the 5-year period. On the other hand, an administrative agency may need some electronic equipment for program use which might require 2 years for delivery and installation. Or it might conduct a program that normally requires replacement of an order in one budget year to insure delivery early in the succeeding budget year. Both of the latter would also need advance obligating authority. While the aircraft procurement program is readily recognized as a "lead-time" program, the administrative agency examples illustrate the same important need for advance authority to cover specific items in the program.

* * * * *

A further explanation of the difference between the two systems is shown by the tabular presentation which follows. The accrued expenditures appropriations presentation, as shown in the table together with the information which would be given in the budget justification before the Appropriations Committees, is considered more useful and significant for review and control purposes than an obligation presentation. It would enable more effective control because:

- (1) Annual appropriation action would be taken on both the agency proposed programs and those underway;
- (2) Appropriation carryovers would be greatly reduced or eliminated and balances of contract authority would either be reviewed or expire and be reapproved each year;
- (3) Congressional appropriation action would be more directly related to the budget cash surplus or deficit.

It would enable more effective review because the budget request would show:

- (1) The estimated cost of what is planned to be done in the budget year as well as the total estimated cost of a project;
- (2) The proposed use of resources such as inventories that the agency has on hand;
- (3) The value of resources carried over for use in subsequent years;
- (4) The goods and services to be received in the budget year;
- (5) The obligating authority needed to contract for deliveries in subsequent years.

These kinds of information would be brought out by the financial plan for each program that would highlight past performance in relation to future plans.

In contrast, the obligation budget, illustrated here, shows only the obligation requirements needed to cover the goods and services to be ordered in the budget year in the case of annual appropriations, or in the case of no-year appropriations, the goods and services to be ordered either in the budget year or in subsequent years. It does not reflect the use of inventories or the balance of resources on hand at the beginning and end of the year. It permits the buildup of appropriation balances and provides control only on the commitment of funds.

In summary, the obligation budget highlights the ordering of goods and services for a program—the beginning of the financial process. The accrued expenditure budget brings out for review the complete financial cycle—from ordering the goods and services, through the receipt of them (which establishes the liability to disburse funds from the Treasury), to their application to the program. In doing so, it provides control on both the commitment and expenditure of funds—the latter in terms of the goods and services received.

COMPARISON OF EXISTING OBLIGATION APPROPRIATION PRESENTATION WITH PROPOSED ACCRUED EXPENDITURE APPROPRIATION PRESENTATION

PRESENT OBLIGATION BASIS

	1955 actual	1956 estimate	1957 estimate
Obligations by activities:			
1. Vessel operations.....	\$42,666,260	\$44,214,795	\$44,654,272
2. Aviation operations.....	13,953,945	15,477,086	16,844,687
3. Shore stations and aids operations.....	34,431,049	35,578,710	36,387,611
4. Repair and supply facilities.....	14,074,989	16,563,394	16,166,086
5. Training and recruiting facilities.....	7,627,524	8,134,328	8,358,518
6. Administration and operational control.....	19,378,047	20,097,810	20,178,441
7. Other military personnel expenses.....	14,534,260	14,454,701	15,842,199
8. Supporting programs.....	8,130,594	6,918,176	6,913,176
Total obligations.....	154,796,668	161,439,000	165,350,000

PROPOSED ACCRUED EXPENDITURE BASIS

	1955 actual	1956 estimate	1957 estimate
Costs by activities (A):			
1. Vessel operations.....	\$44,013,698	\$44,845,777	\$45,285,254
2. Aviation operations.....	15,261,137	17,387,949	18,405,432
3. Shore stations and aids operations.....	34,865,324	36,007,550	36,816,451
4. Repair and supply facilities.....	14,231,320	15,872,072	15,474,764
5. Training and recruiting facilities.....	7,712,243	8,389,657	8,613,857
6. Administration and operational control.....	19,593,279	20,111,102	20,191,733
7. Other military personnel expenses.....	14,707,472	14,109,372	15,496,870
8. Supporting programs.....	9,391,789	7,664,847	7,664,847
9. Adjustment of prior year costs.....	815,071		
Total costs.....	160,591,333	164,388,326	167,949,208
Relation of costs to appropriations (B): Decrease (—) in selected resources available for future application to activity costs ¹	—4,941,672	—4,197,334	—3,005,900
Total accrued expenditures (appropriation).....	155,649,661	160,190,992	164,943,308
Contract authorization (D):			
Total contract authority required.....	10,917,305	11,503,397	11,916,692
Orders and contracts issued ²	10,401,987	11,503,397	11,916,692
Unused authority lapsed.....	515,318		

¹ This line would be supported by a supplementary schedule that would show the year-end balances together with the change in balances from year to year, of stores, advances and other resources available for use in carrying out programs in succeeding years.

² This line would be supported by a supplementary schedule that would identify the subsequent years in which the goods ordered under contract authority would be delivered.

CONCLUSIONS

The committee weighed carefully the extensive evidence and testimony presented on this highly complicated proposal and reached the conclusion that the bill should be reported and authority for the new annual accrued expenditures basis of budgeting should be given the President.

The committee was not influenced by the extravagant claims that have been made for actual dollar savings that will ensue, but the committee does believe that there will be savings in an amount now undetermined. The committee was impressed primarily by the improved management tool that the bill provides and with the fact that the Congress can retain a more practical and effective control over appropriated funds by the year-to-year review which will be required. It is quite possible, and the committee is hopeful, that the billions of dollars in carryover funds will be reduced to manageable proportions. We are fully aware that contract authority will create commitments to receive goods in the future and that this has a similarity to outstanding orders under appropriations made on an obligation basis. The committee feels that the distinction is sufficient, particularly with the annual review, to warrant the adoption of the system.

The committee gave intensive study and consideration, as always, to the views of the Committee on Appropriations as contained in a joint letter from Chairman Cannon and the ranking minority member, John Taber, and as so ably presented at the hearings by Congressman Mahon, the chairman of the subcommittee. We recognize the great service they are rendering to the Congress and the country by their meticulous scrutiny and analysis of all appropriation proposals. We agree with Mr. Mahon that there is no magic in the accrued expenditures method. But the committee is convinced that the present dimensions of the Federal budget demand whatever improvements can be made in its process. We believe such a substantial improvement will be brought about to justify the passage of this legislation.

As was stated by Chairman William L. Dawson at the opening of the hearings on this bill:

There is tremendous concern at present about the size of the Federal budget with many conflicting ideas as to where and how to cut it. It is not this committee's function to enter that controversy. It is our obligation under our jurisdiction, however, to do everything possible to see that the budgeting process operates with maximum efficiency and that any defects which may cause waste or inflated estimates be corrected.

REPORT OF THE COMPTROLLER GENERAL TO THE HOUSE COMMITTEE ON
GOVERNMENT OPERATIONS ON ACCRUED EXPENDITURES APPROPRIATION BILLS

B-124623, B-125294, B-126614.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington 25, February 12, 1957.

Hon. WILLIAM L. DAWSON,
*Chairman, Committee on Government Operations,
House of Representatives.*

DEAR MR. CHAIRMAN: Your letters of January 18 and 28, 1957, acknowledged January 22 and 29, request reports on H. R. 2494 and H. R. 3379.

These bills, which are identical, are designed to carry out recommendations Nos. 7 and 17 of the Report on Budget and Accounting of the second Hoover Commission which provide:

"That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures, namely, charges for the cost of goods and services estimated to be received.

"That each department and agency be authorized to maintain a single account under each appropriation title or fund for controlling the amount available for the liquidation of valid obligations."

We are in complete agreement with these recommendations. While a great deal has been accomplished in the field of budgeting and accounting in the Federal Government, and provisions of Public Law 863, approved August 1, 1956 (70 Stat. 782) provide the impetus for additional improvements, we feel that it is highly desirable that appropriations be stated on an annual accrued expenditure basis in order to realize the full benefits of the Hoover Commission recommendations. As you know, this proposal was included as a part of S. 3897, 84th Congress, when it was passed by the Senate, but was deleted prior to final enactment of that bill as Public Law 863. We strongly favored its enactment as a part of that bill throughout all of its considerations in both Houses of the Congress.

The language of H. R. 2494 and H. R. 3379 is substantially identical to the language of S. 3897, 84th Congress, pertaining to this proposal, except for (1) the addition of a declaration of congressional policy; (2) the addition of the words "payments for" in lines 12 and 13, page 2; and (3) the substitution of the words "proposed appropriations" for the word "appropriations" in line 17, page 2, through line 7, page 3. While we do not believe that the addition of the words "payments for" in the sentence "Annual accrued expenditures shall relate to payments for goods and services to be received in a fiscal year, * * *" (lines 12 and 13, p. 2) was intended to change the effect of the original language, we believe it is subject to misinterpretation and may lead to confusion. As you know, the proposed appropriations determined on an annual accrued expenditure basis are intended to include, among other things, the funds required to pay for all goods and services to be received within the budget year even though payment therefore may not be made until subsequent budget years. To avoid any misinterpretation to the effect that payment has to be made within the budget year, we recommend that the words "payments for" be stricken from lines 12 and 13, page 2.

The use of the term "proposed appropriation" in lieu of the word "appropriation" would not change the effect of the language involved and we have no specific objection thereto, although the original language is contained in most all of the bills on this subject in both Houses of the Congress. The reference to section "201 (b)" in line 10, page 3, should be section "201 (e)".

We agree with this statement of congressional policy and believe that its enactment into law is desirable. It is a firm statement of the desire of the Congress that proposed appropriations be determined on an annual accrued expenditure basis. Other provisions of the proposed legislation, however, in recognition that this may not be practicable in some instances and that it may not be accomplished overnight, give the President wide flexibility in his implementation of the proposed law. We suggest that the words "presentation of" be inserted at the end of line 7, page 1, of H. R. 2494 and H. R. 3379.

The stating of appropriations on an accrued expenditure basis together with the furnishing of cost data to the Congress, as provided

by Public Law 863, would provide the best opportunity for improved correlation of programing, budgeting, and accounting. Congressional control of costs and expenditures can only be achieved by the maximum utilization of many tools. The stating of appropriations on an accrued expenditure basis can be made a very important tool for the Congress if effectively installed.

Stating appropriations of funds on this basis is a natural extension of the cost budgeting enacted in Public Law 863, 84th Congress. Under that provision of law, the agencies will submit budgets to the Congress which will show the estimated costs of a program, the inventories and other assets available for use in the performance of the program, and the amount of additional funds needed to finance that performance each year. However, since the present basis of stating proposed appropriations is in terms of obligational authority, i. e., the amount of funds which an agency considers it needs to earmark for contracts and orders covering current and future deliveries of goods, the appropriation requested for any year under the present method is not in many cases closely related to planned performance under the program during that year.

In those operations concerned primarily with salaries and travel expense the time relation between the creation of an obligation and an expenditure is relatively short. In such circumstances, resources available other than new money are ordinarily of no great significance and there is ordinarily a rather direct correlation between obligations, expenditures, and costs. These are the operations which represent the larger group in terms of numbers, but represent the less significant portion of the budget from a dollar standpoint. In the area of operations where long lead time is characteristic, such as major procurement, construction, and research and development, which represent the greater dollar portion of the budget, obligation and expenditure data have their greatest limitations for both Congress and management. We thus believe that the conversion to the use of appropriations stated on an annual accrued expenditure basis could best be applied at the outset to this latter area of operations involving long lead time.

All of the present safeguards of consideration and control of total program costs are retained under the annual accrued expenditure basis of stating appropriations. Indeed they are improved because, in addition to providing for consideration of the total estimated cost, this method of determining appropriations provides a means of direct congressional control over the yearly segments of planned performance. It provides an orderly review by the Congress of the amount of funds needed in any year in relation to the year-by-year accomplishments and their costs as compared to each year's estimated performance and estimated costs, as well as the continuing needs of the program in relation to current national and international conditions.

There are other advantages of placing appropriations on an accrued expenditure basis. The annual budget surplus or deficits is determined on the basis of expenditures. Placing appropriations on the annual accrued expenditure basis is, in our opinion, a practical approach to a direct correlation between annual appropriations and expenditures. It vests in each Congress a much greater opportunity to control the level of operations during a particular budget year and would mean the elimination of the vast carryover balances now avail-

able for expenditure at the discretion of the executive agencies. The present situation concerning available balances stems from the fact that congressional control through appropriation authorization and Budget Bureau control through apportionments are both exercised in terms of authority to obligate rather than budgeted work plans for the cost of goods and services estimated to be received.

It is inherent in the annual accrued expenditure basis of stating appropriations that congressional authority be granted for the advance planning which necessarily precedes the phase of operations covered in an annual accrued expenditure budget. In the past, this authority to create obligations in advance of appropriations has been commonly referred to as contract authorization. The authority to include requests for such contract authorizations in the budget, which is contained in the present section 201 of the Budget and Accounting Act, 1921, in view of the definition of the term "appropriation" contained in section 2 of that act, as amended, will not be abrogated by the provisions of H. R. 2494 and H. R. 3379. It is a significant fact, however, that heretofore both contract authorizations and subsequent appropriations were stated in terms of obligational authority whereas under the recommendations herein being considered only the initial authorization would be stated in terms of the broad and difficult to apply concept of obligations whereas annual appropriation of funds could be stated much more definitely in terms of accrued expenditures because of the time factor. The initial authority which may cover a forward period, sometimes as long as 5 years or more, obviously cannot be supported with detailed plans. On the other hand, as those plans take shape in succeeding years much more precise planning and authorizations are practical when stated in terms of accrued expenditures.

While contract authorizations will continue to be accounted for on an obligation basis, the primary purpose of recording such obligations will be to insure that the total amount of the contract authorization is not exceeded. Such accounting can be relatively simple and there would be no incentive for an agency to rush to obligate such contract authorization prior to the expiration of any one fiscal year.

The determination of appropriations on an annual basis in terms of estimated performance during that year, i. e., the annual accrued expenditure basis, with concurrent authority to enter into contracts to insure orderly future deliveries on long-lead-time programs, is in no way detrimental to the interests of contractors. The Government's liability to a contractor for a contract issued under this method of appropriation and subsequently canceled or terminated would be no different than the Government's liability in similar circumstances under the present method of stating appropriations in terms of obligations. The only change required would be that payments to the contractor for performance each year would be made out of the funds appropriated by the Congress each year for that purpose and not out of funds appropriated in some past year.

We do not subscribe to the view that, if contracts and orders are placed under a grant of authority to enter into such contracts, such letting of contracts creates a binding obligation for which a future Congress must appropriate funds in the amount of the outstanding contracts. If, in the considered judgment of a Congress, a program entered into by an agency should be curtailed or eliminated in the

best interests of the United States, the unperformed portion of outstanding contracts would be canceled and undoubtedly the Congress would, if necessary, appropriate funds to pay for the termination. Also, the year-by-year control of a program, inherent in the annual accrued expenditure basis of appropriations, provides the Congress with a current and continuing tool for exercising restraint over contracting on a continuing program whose costs are substantially exceeding the original estimated costs on which the program was approved, or whose performance is dragging.

We thus believe that this proposed legislation, if effectively implemented, would provide both the President and the Congress much greater control over Federal expenditures and strongly recommend its favorable consideration.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

EXCERPTS FROM THE STATEMENT OF PERCIVAL F. BRUNDAGE, DIRECTOR OF THE BUREAU OF THE BUDGET, BEFORE THE SUBCOMMITTEE ON EXECUTIVE AND LEGISLATIVE REORGANIZATION OF THE HOUSE COMMITTEE ON GOVERNMENT OPERATIONS WITH REGARD TO VARIOUS BILLS RELATING TO THE BUDGET PROCESS, MARCH 27, 1957

We believe that the flexibility given to the President is desirable. It will enable an evaluation to be made for each appropriation to determine the practicability of presenting the estimates on an annual accrued expenditure basis and the benefits that would be derived from this change in procedure.

The bills define what budget estimates for proposed appropriations on an annual accrued expenditure basis should embrace. They provide that the estimates should include the money requirements for goods and services to be received in the budget year. The language used also recognizes, as a practical matter, that the estimates shall also include the money requirements representing payments which have to be made in the budget year, such as advances, grants, and tort claims. Certain types of appropriations to which the accrued expenditure basis of stating estimates is not applicable would be excluded.

Budget estimates on the annual accrued expenditure basis would include the funds required to cover the value of the goods and services to be received in a fiscal year whether or not payments for such goods and services are actually made in the same fiscal year. At the end of each year there would usually be some unpaid bills or accounts payable which would be paid, in the subsequent year, out of the balance brought forward from the appropriation for the year in which the goods were received.

In addition to estimates for proposed appropriations on the accrued expenditure basis, as contemplated by these bills, it would be necessary to present estimates for contract authority to incur obligations in advance of appropriations so that contracts may be awarded or orders issued as necessary in the budget year to insure delivery of goods and services as needed in subsequent years.

Legislation such as is proposed in these bills would give effect to another Hoover Commission recommendation that agencies maintain

a single account under each appropriation. As of the end of each fiscal year, the balance of the accounts payable in each appropriation made on an annual accrued expenditure basis would be transferred to, and merged with, the next year's appropriation. The remaining balance would lapse unless otherwise provided in an appropriation act or other law.

As contrasted with present procedures, we can see many advantages in the practices contemplated by these bills. I would like to emphasize that a major advantage of this proposal is the improved program control that is made available to the Congress and the executive branch. Under Public Law 863, agency cost-based budget presentations will provide additional and more informative data for the purposes of the budget analysis and review.

That law will also bring about improved planning practices and the development of more effective management controls in the agencies. As long as appropriations are continued on the obligation basis, however, positive top-level control of appropriated funds so far as materiel is concerned, is in effect limited to control of the procurement plans of the agency. The use of annual accrued expenditure appropriations would place Congress and the executive branch in an improved position for establishing effective monetary controls on the scope of a program during a given fiscal year.

We also believe that appropriation requests on the accrued expenditure basis would provide a more direct relation to budget balance. Under this method the relationship between appropriations and checks issued—the basis for calculating the surplus or deficit—would be much closer than is the relationship under existing practice.

In making appropriation determinations that involve consideration of the adequacy of agency plans for receipt and application of goods and services, the Congress would play a more positive role in the Government's financial planning. Arriving at the level of appropriations on this basis, it would be in position to give more consideration to the effect of agency proposals on the annual surplus or deficit result for the Government as a whole.

The Hoover Commission in its report indicated that the Congress should restate the contract authority annually as needed. I interpret this to mean that unused contract authority at the end of each year would lapse and that requests for new authority would be made as needed each year on the basis of program requirements.

Under the proposed procedure, annual estimates of proposed appropriations and contract authority would be based on a presentation to the Appropriations Committees of the agency's financial plan for conduct of a program. For example, the long-range aircraft procurement program I previously mentioned might involve a total of \$15 billion, spread evenly over a 5-year period. In the initial budget submission the accrued expenditure appropriation request would be for \$3 billion together with a contract authority request for \$3 billion needed for forward contracting in the budget year. This would be requested as part of a plan showing the total \$15 billion cost and the contract authority and accrued expenditure requirements in each of the subsequent years of the program.

The budget submission for the second year of such a program might reflect a revised estimate of performance in the current year, showing deliveries of \$2½ billion and contracts awarded in the amount of \$3

billion. If the request for the second year follows the original plan of a \$3 billion accrued-expenditure appropriation and a similar amount of contract authority, the Appropriations Committee might feel it appropriate to cut back the accrued expenditure request on the basis of the revised estimate of current-year performance.

Thus, with this type of presentation each year, the Appropriations Committees would be able to make a more effective determination of the financing needs of the program.

This systematic annual presentation of the agency financial plan of operation, showing past performance and forward planning, is one of the benefits to be gained by use of the proposed appropriation procedure. Information of this kind may be available under present practices, but the significant point is that such data are not automatically brought to the attention of the Congress each year.

In the aircraft procurement program illustration, the initial contract authority request for the program covers only the obligations necessary to be incurred in the budget year. Depending on which course of action is most appropriate for the program involved, the initial contract authority request could cover the total cost of the program. In either case, however, the unused contract authority would lapse at the end of each year.

We are fully cognizant of the fact that a change such as that contemplated by these bills will present problems. We have heard many procedural questions raised. For example, it has been stated that an annual review of the Government's total program would result in an increased workload for both the Congress and the executive branch. We grant that some additional work may be involved. However, we feel that the benefits to be derived in the way of better control over Federal spending will be well worth this additional effort.

Another question has been raised regarding the effect of this proposal on agency-contractor relations in long lead-time programs. Since the annual basis of requests for appropriations and contract authorizations under these bills would not provide for one-time appropriation of the total cost of a program extending over several years, it has been stated that contractors would hesitate to bid on Government contracts; that prices quoted by the contractors might be higher; or that the contractor's credit would be questionable on Government jobs subject to future appropriation action.

We have already had experience in this respect under contract authority which has been used in the past. Appropriations for some of our long-lead-time programs did not provide funds for total costs of a given contract, but no unusual difficulties were encountered in arriving at mutually satisfactory contractual arrangements in carrying out these programs.

In this connection, it might be noted that the representatives of private industry on the Hoover Commission task force that made this recommendation gave no indication that this appropriation procedure would create problems for the contractor beyond those that may already exist under current practice.

The question of delays in delivery schedules has been raised. If goods are expected to be delivered in the budget year but not actually delivered until the subsequent year, from what appropriation would payment for such goods be made? The payment would have to be made from the appropriation for the year in which the goods were

received. It is conceivable in some cases that this situation might result in requesting a supplemental appropriation since the delay in the delivery was not contemplated when the budget estimates for that year were prepared.

This may involve the handling of more supplemental appropriations but only experience can determine the extent of the increase.

The converse of this previous question is also a possibility. Goods scheduled for delivery in a subsequent year may actually be delivered in the current year. In such cases, if funds are not available in the current appropriation, it would be necessary to reschedule other deliveries to keep accruals within the sum appropriated, or else to get authority in a supplemental appropriation act to transfer a portion of the following year's appropriation to cover the excess of deliveries in the current year.

In any event, an agency would have to keep accruals within the sums set in appropriation acts year by year; any excess would be a violation of the Anti-Deficiency Act and would require congressional approval in the form of an adjustment in the sum appropriated for the year in question.

Another question has been raised as to whether the accounting under the procedures contemplated by these bills would require the maintenance of two separate sets of accounts. As we see it, two sets of accounts should not be required. Instead, there should be one integrated accounting system. In this connection, it should be recognized that Public Law 863 provides for the development of accrual accounting systems that produce related control information on obligations, accrued expenditures, costs, and disbursements; and permit the use of cost-based budgets. In the final analysis, therefore, the accounting required by this procedure is already provided for in Public Law 863. Agencies are currently moving toward development of such accounting systems.

In considering these questions it should be recognized that in any major change such as this there are always problems to be resolved. However, if the conversion is undertaken on a gradual basis as the bill permits, we believe that the problems can be resolved satisfactorily.

In the conversion we would hope to work closely with the Appropriations Committees of the Congress with regard to the more precise form of estimates for proposed appropriations of funds and contract authority.

We urge that the Congress give favorable consideration to the enactment of this legislation to accomplish the objectives of these bills.

EXCERPTS FROM REPORT ON BUDGET AND ACCOUNTING, COMMISSION
ON ORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

(June 20, 1955, H. Doc. No. 192, 84th Cong., 1st sess.)

Annual accrued expenditure budget

This contemplates that agency budgets be expressed in terms of the charges for goods and services estimated to be received during the year, i. e., the "accrued expenditures." The authority granted by the Congress should be for 1-year periods and in terms of authority to make such expenditures. The term "accrued expenditures" repre-

sents the charges incurred for goods and services received and other assets acquired, whether or not payment has been made and whether or not invoices have been received. Thus, the term "accrued expenditures" is not synonymous with cash disbursements. To clarify this concept, let us consider the Government's activities as being in the following two broad categories:

* * * * * *

The application of an expenditure budget to each of these categories would be as follows:

1. *Long-lead-time programs*.—Under this proposal an agency would submit initially a properly described program showing the total funds required for its completion, projected in terms of years. The Congress, if it approved the program, would enact an annual appropriation in terms of the estimated accrued expenditures required for the year under consideration. In addition, the Congress would give the agencies contracting authority in terms of the dollar amount required for orderly forward contracting beyond the budget year. The executive branch and the Congress would review the program annually from the standpoint of costs and accomplishment, both completed and projected. The Congress, at the same time, would restate the contracting authority annually as necessary.

2. *Other programs*.—Appropriations for the remaining Government programs, where lead time is not an important factor, should also be placed upon an annual accrued expenditure basis. In these cases contracting authority beyond the budget year will not ordinarily be required. The extension of expenditure budgeting to such areas should be a relatively simple matter. It would place budget appropriations and expenditures on a uniform basis throughout the Government.

* * * * * *

The proposal for an annual accrued expenditure budget would assure annual review of past and proposed performance under long-lead-time contracts. That this is important is indicated by the statement of the Director of the Budget in October 1953 that as of July 1, 1953, "\$81 billion of unfinanced appropriations existed as a claim against current and future income or borrowing. The contracts and commitments made as a result of these appropriations became in effect c. o. d. obligations against the Government."

Recommendation No. 7.—That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures; namely, charges for the cost of goods and services estimated to be received.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 201 OF THE BUDGET AND ACCOUNTING ACT OF 1921, AS AMENDED (31 U. S. C. 11)

TITLE II—THE BUDGET

SEC. 201 (a) The President shall transmit to Congress during the first fifteen days of each regular session, the Budget, which shall set forth his Budget message, summary data and text, and supporting detail. The Budget shall set forth in such form and detail as the President may determine—

- (1) functions and activities of the Government;
- (2) at such times as may be practicable, information on program costs and accomplishments;
- (3) any other desirable classifications of data;
- (4) a reconciliation of the summary data on expenditures with proposed appropriations;
- (5) estimated expenditures and proposed appropriations necessary in his judgment for the support of the Government for the ensuing fiscal year, except that estimated expenditures and proposed appropriations for such year for the legislative branch of the Government and the Supreme Court of the United States shall be transmitted to the President on or before October 15 of each year, and shall be included by him in the Budget without revision;
- (6) estimated receipts of the Government during the ensuing fiscal year, under (1) laws existing at the time the Budget is transmitted and also (2) under the revenue proposals, if any, contained in the Budget;
- (7) actual appropriations, expenditures, and receipts of the Government during the last completed fiscal year;
- (8) estimated expenditures and receipts, and actual or proposed appropriations of the Government during the fiscal year in progress;
- (9) balanced statements of (1) the condition of the Treasury at the end of the last completed fiscal year, (2) the estimated condition of the Treasury at the end of the fiscal year in progress, and (3) the estimated condition of the Treasury at the end of the ensuing fiscal year if the financial proposals contained in the Budget are adopted;
- (10) all essential facts regarding the bonded and other indebtedness of the Government; and
- (11) such other financial statements and data as in his opinion are necessary or desirable in order to make known in all practicable detail the financial condition of the Government.

(b) *It is the sense of the Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essential in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures. It is therefore the policy of the Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis.*

(c) *The amount of proposed appropriations referred to in sections 201 (a) and 203 of this Act shall, to the maximum extent deemed desirable and*

practicable by the President, be determined on an annual accrued expenditure basis.

"Annual accrued expenditures" shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

This subsection shall not apply to appropriations for the payment of claims certified by the Comptroller General and of judgments; appropriations for the refund of Federal taxes and of other moneys erroneously received and covered into the Treasury of the United States; appropriations for private relief; appropriations for the payment of interest on trust funds; appropriations to provide or increase revolving funds; appropriations for the payment to former members of the Armed Forces, their dependents and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty; and other appropriations or funds analogous to the foregoing.

(d) The conversion to the use of the annual accrued expenditures method for stating proposed appropriations in accordance with section 201 (c) of this Act shall be accomplished in such manner and at such times as may be determined by the President.

(e) As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless hereafter provided otherwise in an appropriation Act or other law. Any remaining balances of each such appropriation or fund shall be merged with any appropriation or fund made for the same general purpose for the ensuing fiscal year and shall constitute a single account.



Union Calendar No. 197

85TH CONGRESS
1ST SESSION

H. R. 8002

[Report No. 572]

IN THE HOUSE OF REPRESENTATIVES

JUNE 7, 1957

Mr. ROGERS of Florida introduced the following bill; which was referred to the Committee on Government Operations

JUNE 18, 1957

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 201 of the Budget and Accounting Act, 1921,
4 as amended, is further amended by adding the following
5 new subsections:

6 “(b) It is the sense of the Congress that revisions in
7 presentation of budget estimates and estimates for deficiency
8 and supplemental appropriations are essential in order to
9 provide a more informative basis for the enactment of
10 appropriations by the Congress, to reduce or eliminate the

1 large carryover balances of appropriations from one fiscal
2 year to another, and to bring about economy in Government
3 expenditures. It is therefore the policy of the Congress
4 that estimates for proposed appropriations will be deter-
5 mined on an annual accrued expenditure basis.

6 “(c) The amount of proposed appropriations referred
7 to in sections 201 (a) and 203 of this Act shall, to the
8 maximum extent deemed desirable and practicable by the
9 President, be determined on an annual accrued expenditure
10 basis.

11 “‘Annual accrued expenditures’ shall relate to goods and
12 services to be received in a fiscal year, advance payments,
13 progress payments, and such other payments as are author-
14 ized by law to be made in such fiscal year.

15 “This subsection shall not apply to appropriations for
16 the payment of claims certified by the Comptroller General
17 and of judgments; appropriations for the refund of Federal
18 taxes and of other moneys erroneously received and covered
19 into the Treasury of the United States; appropriations for
20 private relief; appropriations for the payment of interest
21 on trust funds; appropriations to provide or increase re-
22 volving funds; appropriations for the payment to former
23 members of the Armed Forces, their dependents and bene-
24 ficiaries, of any benefits to which they are entitled by reason
25 of military service; appropriations for the payment of pen-

1 sions and annuities; appropriations for the payment of any
2 obligation of the United States for which liability is fixed
3 by treaty; and other appropriations or funds analogous to
4 the foregoing.

5 “(d) The conversion to the use of the annual accrued
6 expenditures method for stating proposed appropriations in
7 accordance with section 201 (c) of this Act shall be accom-
8 plished in such manner and at such times as may be deter-
9 mined by the President.

10 “(e) As of the end of each fiscal year, the excess of any
11 appropriation or fund made on an annual accrued expenditure
12 basis over the accrued expenditures under such appropria-
13 tion or fund shall lapse, unless hereafter provided otherwise
14 in an appropriation Act or other law. Any remaining bal-
15 ances of each such appropriation or fund shall be merged
16 with any appropriation or fund made for the same general
17 purpose for the ensuing fiscal year and shall constitute a
18 single account.”

19 SEC. 2. (a) Whenever an appropriation bill or an
20 amendment thereto provides for an appropriation in terms
21 of annual accrued expenditures, or specifies that an appro-
22 priation therein is based upon annual accrued expenditures,
23 it shall be in order to provide in such appropriation bill, or
24 in such amendment, the authority to enter into contracts for
25 the purposes of such appropriation in an amount in addi-

tion to the amount of such appropriation; however, where the law authorizing such appropriation specifies a maximum amount which may be appropriated, such contract authorization together with the appropriation provided for in such bill or amendment, together with accrued expenditures under any other appropriation theretofore made for such purpose, shall not exceed the total amount previously authorized by law to be appropriated for such purpose.

(b) The provisions of subsection (a) of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

SEC. 3. This Act, and the amendments made thereby shall cease to be in effect July 1, 1961.

Union Calendar No. 197

85TH CONGRESS
1ST SESSION

H. R. 8002

[Report No. 572]

A BILL

To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

By Mr. ROGERS of Florida

JUNE 7, 1957

Referred to the Committee on Government Operations

JUNE 18, 1957

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 2, 1957
For actions of July 1, 1957
85th-1st, No. 114

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HIGHLIGHTS: (See Page 7.)

SENATE

- APPROPRIATIONS. Agreed to the conference report on H.R. 5189, the Interior Department and related agencies (includes Forest Service) appropriation bill for 1958 (see Digest 112 for information on Forest Service items). pp. 9595-9
This was approved by the President later in the day (Public Law 85-77, 85th Cong)
Began debate on H.R. 7665, Defense Department appropriation bill for 1958.
The bill was reported with amendments earlier in the day (S. Rept. 543). pp. 9582, 9601-2, 9603-44, 9652-9, 9659-60
2. ST. LAWRENCE SEAWAY. Passed with amendments H.R. 5728, to increase the borrowing authority and clarify the powers of the St. Lawrence Seaway Corporation. pp. 9602-3
3. MARKETING; SURPLUS COMMODITIES. Received from this Department a report on the program for the expansion of markets for surplus agricultural commodities through marketing and utilization research. p. 9584
Both Houses received from this Department a progress report on the orderly liquidation of stocks of agricultural commodities held by the CCC. pp. 9584, 9579
4. RECORDS. The Judiciary Committee reported with amendments S. 2377, to provide a method for the introduction of Government records in trials (S. Rept. 569). p. 9586

5. HOUSING. Agreed to the conference report on H.R. 6659, the housing bill for 1957 (see Digest 112). (pp. 9646-52) This bill will now be sent to the President.
6. STATEHOOD. The Territories and Insular Affairs Subcommittee ordered reported with amendment to the full Interior and Insular Affairs Committee S. 49 and S. 50, providing statehood for Alaska and Hawaii. p. D599
7. PERSONNEL. Sen. Carroll urged Federal pay raises and inserted a constituent's letter showing a family budget for a grade GS-7. p. 9601
8. AREA DEVELOPMENT. Received a Penna. Senate resolution urging enactment of S. 964, the area redevelopment bill. pp. 9584-5
9. ELECTRIFICATION. Received a Verendrye, N.D., Electric Cooperatives resolution critical of certain power company advertising. p. 9585
10. LANDS. Received resolutions from the 66th annual S. Dak. Stock Growers Ass'n convention on land appraisals. p. 9585
11. TRANSPORTATION. Sen. Wiley inserted a Wisc. State Public Service Commission resolution urging passage of H.R. 7672, to strengthen the jurisdiction of the States over intra-state transportation rates within the States, and other bills which would give the States greater power over transportation. p. 9586
12. TAX AMORTIZATION. Sen. Carroll inserted a series of articles on fast tax writeoff certificates. pp. 9660-2
13. LEGISLATIVE PROGRAM. Sen. Mansfield listed the order of consideration of certain bills, to follow disposition of the Defense Department appropriation bill. Among the bills to be considered are S. 1461, to authorize revocation of ICC licenses for non-willful (as well as willful) offenses; S. 2261, to amend the Federal lease-purchase program relative to the distribution and approval of new public buildings projects; and S. 1383, to require the certification of freight forwarders. pp. 9662-3

HOUSE

14. APPROPRIATIONS. Both Houses passed without amendment H. J. Res. 391, the continuing resolution making temporary appropriations for 1958 pending the enactment of the remaining regular appropriation bills. (pp. 9531-32, 9587, 9644-46) This was approved by the President later in the day (Public Law 85-78, 85th Cong).
15. MEATS. Passed over, on objection by Rep. O'Neill, H.R. 7244, to amend the Packers and Stockyards Act so as to permit deductions for a self-help meat promotion program. p. 9534
16. BUDGETING. Passed over, on objection by Reps. Ford, Horan, and Bow, H.R. 6900, to amend the Legislative Reorganization Act so as to enable the Comptroller General to more effectively assist the Appropriations Committees in considering the budget by making special expenditure analyses of agency operations. p. 9536

Passed over, on objection by Rep. Ford, H.R. 8002, to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations. p. 9537

(2) In which patient care is under the professional supervision of persons licensed to practice medicine or surgery in the State, or, in the case of dental diagnosis or treatment, under the professional supervision of persons licensed to practice dentistry in the State.

(c) "Nonprofit" means owned or operated by one or more corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

(d) "Construction" means construction of new buildings, expansion, remodeling, and alteration of existing buildings, and initial equipment of any such buildings (including medical transportation facilities), including architects and engineering fees, but excluding legal fees, the cost of off-site improvements and the cost of the acquisition of land.

SEC. 7. Except as otherwise specifically provided, nothing in this act shall be construed as conferring on any Federal officer or employee the right to exercise any supervision or control over the administration, personnel, maintenance, or operation of any hospital, with respect to which any funds have been or may be expended under this act.

Mr. WILLIAMS of Mississippi. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMS of Mississippi: Page 1, strike out beginning with line 5 down through line 2 on page 2, and insert the following: "August 5, 1954 (68 Stat. 674), with respect to the provision of health services to Indians in any particular area, determines, after consultation with such Indians, that the provision of financial assistance to one or more public or other nonprofit agencies or organizations for the construction of a community hospital constitutes a method of making needed hospital facilities available for such Indians which is more desirable and effective than direct Federal construction"; page 2, line 13, strike out "receiving" and insert "for which"; and in line 14 strike out "from" and insert "is being provided by"; page 3, line 1, after "assure" insert "that the hospital is operated in."

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. I should like to ask the gentleman from Mississippi relative to the Indian health facilities. Does that include plumbing and sewage disposal plants and water plants?

Mr. WILLIAMS of Mississippi. No. This bill deals exclusively with hospital facilities. It permits participation by the Public Health Service in the construction of public and nonprofit hospitals to the extent it is estimated by the Surgeon General that the Indians will require those facilities.

Mr. MILLER of Nebraska. This also applies to use by non-Indians?

Mr. WILLIAMS of Mississippi. I did not get the question.

Mr. MILLER of Nebraska. Will non-Indians also use the hospital facilities?

Mr. WILLIAMS of Mississippi. Oh, yes. Let me give the gentleman an example of what this will cover. We will say, for example, that a city is getting ready to construct a 25-bed hospital. There is an Indian colony in the immediate vicinity, to which the Federal Government is obligated to furnish health care. This bill provides that the Surgeon General may enter into an agreement with the community, estimating the needs of the Indians to be, we will say,

5 beds, and to pay for the additional 5 beds and expand it to a 30-bed hospital. In that way, the five beds will be reserved for use of the Indians.

Mr. MILLER Nebraska. Is it not possible for this project to come under the provisions of the Hill-Burton Act?

Mr. WILLIAMS of Mississippi. That is true.

Mr. MILLER of Nebraska. Is this in excess of the Hill-Burton bill or in addition to it?

Mr. WILLIAMS of Mississippi. This is separate and apart from the Hill-Burton Act.

Mr. MILLER of Nebraska. The reason I raised the question is that for a number of years we have had before our Committee on Interior and Insular Affairs a bill that would put the Public Health Department in the business of building and maintaining sewage disposal plants and so forth for the Indians. The bill now has been referred to the Committee on Interstate and Foreign Commerce, because they felt they could get a little better reception. I will say to the gentleman while I am not favorable to all aspects of the bill, I think the bills that we have had before our committee go entirely too far in allowing the department to build and maintain and supervise sewage plants and water works and so forth for the various tribal Indians throughout the country when we do not extend it to non-Indians. The bills would cost unknown amounts if passed.

The SPEAKER. The question is on the committee amendments.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

IMPROVED METHODS OF STATING BUDGET ESTIMATES

The Clerk called the bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD. Mr. Speaker, I object.

AMENDING ADMINISTRATIVE EXPENSES ACT OF 1946

The Clerk called the bill (H. R. 7390) to amend the Administrative Expenses Act of 1946, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. CUNNINGHAM, of Iowa. I object, Mr. Speaker.

AMENDING SECTION 4 OF THE INTERSTATE COMMERCE ACT

The Clerk called the bill (S. 937) to amend section 4 of the Interstate Commerce Act, as amended.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 4 (1) of the Interstate Commerce Act, as amended (49 U. S. C. 4 (1)), is amended to read as follows:

"(1) It shall be unlawful for any common carrier subject to this part or part III to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates subject to the provisions of this part or part III, but this shall not be construed as authorizing any common carrier within the terms of this part or part III to charge or receive as great compensation for a shorter as for a longer distance: *Provided*, That upon application to the Commission and after investigation, such carrier, in special cases, may be authorized by the Commission to charge less for longer than for shorter distances for the transportation of passengers or property, and the Commission may from time to time prescribe the extent to which such designated carriers may be relieved from the operation of the foregoing provisions of this section, but in exercising the authority conferred upon it in this proviso, the Commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed; and no such authorization shall be granted on account of merely potential water competition not actually in existence; *Provided further*, That any such carrier or carriers operating over a circuitous line or route may, subject only to the standards of lawfulness set forth in other provisions of this part or part III and without further authorization, meet the charges of such carrier or carriers of the same type operating over a more direct line or route, to or from the competitive points, provided that rates so established over circuitous routes shall not be evidence on the issue of the compensatory character of rates involved in other proceedings: *And provided further*, That tariffs proposing rates subject to the provisions of this paragraph requiring Commission authorization may be filed when application is made to the Commission under the provisions hereof, and in the event such application is approved, the Commission shall permit such tariffs to become effective upon 1 day's notice."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TOLL BRIDGE AT OR NEAR BAUDETTE, MINN.

The Clerk called the bill (S. 1054) to extend the times for commencing and completing the construction of a toll bridge across the Rainy River at or near Baudette, Minn.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the first section of the act entitled "An act to revive and reenact the act authorizing the village of Baudette, State of Minnesota, its public successors or public assigns, to construct, maintain, and operate a toll bridge across the Rainy River, at or near Baudette, Minn., approved December 21, 1950," approved June 16, 1955 (69 Stat. 159), is amended by striking out "commenced within 2 years and completed within 4 years" and inserting in lieu thereof "commenced within 4 years and completed within 6 years."

With the following committee amendment:

Page 2, line 3, insert:

"Sec. 2. The amendments made by the first section of this act shall take effect as of June 15, 1957."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HANDLING OF SHORT PAID AND UNDELIVERABLE MAIL

The Clerk called the bill (H. R. 7910) to revise the laws relating to the handling of short paid and undeliverable mail, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That (a) the Postmaster General shall prescribe by regulation the conditions under which matter mailed without prepayment of the postage required by law to be paid, or without prepayment of the full amount of the postage required by law to be paid, shall be delivered to the addressee, returned to the sender, or otherwise disposed of.

(b) The Postmaster General shall prescribe by regulation from time to time the charges to be collected on delivery for any matter mailed without prepayment of any lawfully required postage or without prepayment of the full amount of the lawfully required postage.

The Postmaster General may waive the collection of any charges when he deems such waiver to be in the best interest of the Government.

SEC. 2. Section 12 (a) of the act of October 30, 1951 (65 Stat. 676; 39 U. S. C. 246f (a)), is amended by inserting before the period at the end thereof a semicolon and the following new paragraph:

"(9) for returning undeliverable letters and parcels from the dead-letter office to the senders."

SEC. 3. Section 26 of the act of March 3, 1879 (20 Stat. 361), as amended (39 U. S. C. 275), is further amended to read as follows:

"SEC. 26. (a) The Postmaster General may issue postage due stamps of such special design and denomination as he deems necessary to be affixed to short paid mail, and such stamps shall be canceled in the same manner as other postage stamps.

"(b) Postage due stamps may not be sold by any postmaster nor received by him in repayment of postage or fess for special services.

"(c) The Postmaster General may designate agencies of the Department where postage due stamps may be sold for philatelic purposes only."

SEC. 4. Section 3936 of the Revised Statutes, as amended (39 U. S. C. 406), is further amended by striking out the second sentence and inserting, in lieu thereof, the following:

"The Postmaster General shall return to the senders by registered mail all ordinary dead letters containing \$10 or more in cash, and parcels of the first class which apparently contain matter valued at \$10 or more, under such rules and regulations as he may prescribe. The minimum registry fee, in addition to such other fees as the Postmaster General may prescribe, shall be collected at the time of delivery."

SEC. 5. The first section 1 of the act of May 9, 1930 (39 U. S. C. 261), is amended by striking out "15 cents" and by inserting in lieu thereof "25 cents."

SEC. 6. All laws or parts of laws inconsistent with the provisions of this act are here-

by repealed. Such repeal shall include, but shall not be limited to, the following laws and parts of laws which are hereby repealed:

(a) Section 3937 of the Revised Statutes, as amended (39 U. S. C. 407);

(b) Section 3898 of the Revised Statutes (39 U. S. C. 274);

(c) Section 3900 of the Revised Statutes (39 U. S. C. 272);

(d) The semicolon and the clause "but if the publisher of any refused or uncalled-for newspaper or other periodical shall pay the postage due thereon, such newspaper or other periodical shall be excepted from the operation of such regulations," in section 4061 of the Revised Statutes (39 U. S. C. 411);

(e) The second proviso of section 29 of the act of March 3, 1879 (20 Stat. 362) as added by the amendment to such section contained in section 3 of the act of July 5, 1884 (23 Stat. 158; 39 U. S. C. 321); and

(f) The proviso added to section 3 of the act of March 3, 1885 (23 Stat. 387), as amended by the act of January 16, 1889 (25 Stat. 650; 39 U. S. C. 165).

SEC. 7. This act shall be effective on the first day of the third month following the month in which enacted.

With the following committee amendments:

Page 1, strike out lines 3 to 8, inclusive, and insert in lieu thereof the following:

"That (a) the Postmaster General shall prescribe by regulation the conditions for delivery to the addressee, return to the sender, other disposition, of matter mailed without prepayment of the postage required by law to be paid, or without prepayment of the full amount of the postage required by law to be paid."

Page 2, line 9, immediately after the period insert "Such charges (1) shall be in addition to the payment of lawfully required postage, (2) shall not be adjusted more frequently than once every 2 years, and (3), when adjusted shall equal, as nearly as is practicable, the approximate cost incurred by the Post Office Department with respect to the delivery of such matter and the collection of postage and other lawful charges thereon."

Page 3, line 25, strike out "1."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONTRACTS FOR CONDUCT OF CONTRACT POSTAL STATIONS

The Clerk called the bill (H. R. 7907) relating to contracts for the conduct of contract postal stations, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 15 of the act entitled "An act to amend the act approved June 25, 1910, authorizing the postal savings system, and for other purposes," approved May 18, 1916 (39 Stat. 163; 39 U. S. C. 161), is hereby amended to read as follows:

"SEC. 15. The Postmaster General may enter into contracts for the conduct of contract stations for a term not exceeding 3 years. Any such contract may be renewed by the Postmaster General, at the same or a lower contract price, for additional terms not exceeding 3 years each unless (1) the Postmaster General finds that such renewal is not in the interest of the United States, or (2) not later than 90 days before the end of any contract term the Post Office Department receives a request in writing that the contract be opened for competitive bidding

at the end of such term. Upon any such finding by the Postmaster General, or upon receipt of any such request, the Postmaster General shall terminate the contract, with respect to which such finding has been made or such request has been received, at the end of the current term and shall advertise for bids thereon in accordance with existing laws relating to the advertising of public contracts and the award thereof on the basis of competitive bidding."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REIMBURSEMENT TO COUNCIL OF CHEYENNE RESERVATION

The Clerk called the bill (H. R. 5810) to provide reimbursement to the tribal council of the Cheyenne River Sioux Reservation in accordance with the act of September 3, 1954.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated to the Cheyenne River Sioux Tribal Council, Cheyenne Agency, S. Dak., the sum of \$97,580.24. The payment of such sum shall be in full settlement of all claims of the said tribal council against the United States for reimbursement for expenses incurred by it and caused by, or incident to, negotiations which led up to the making and ratification of the agreement between the United States and said tribal council contained in the act of September 3, 1954 (68 Stat. 1191).

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING PERFORMANCE RATING ACT OF 1950

The Clerk called the bill (S. 1412) to amend section 2 (b) of the Performance Rating Act of 1950, as amended.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 2 (b) of the Performance Rating Act of 1950, as amended (5 U. S. C. 2001), is further amended by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following:

"(13) Civilian officers and members of crews of vessels operated by the Department of the Army and the Department of the Navy."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SALE OF LAND TO VILLAGE OF CENTRAL, N. MEX.

The Clerk called the bill (H. R. 7520) to authorize the Secretary of Agriculture to sell to the village of Central, State of New Mexico, certain lands administered by him formerly part of the Fort Bayard Military Reservation, N. Mex.

The SPEAKER. Is there objection to the present consideration of the bill? There was no objection.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued July 16, 1957

For actions of July 15, 1957

85th-1st, No. 124

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House committee reported bill to exempt from quotas certain wheat used on farm where produced. House passed compulsory poultry inspection bill. House passed bill to remove green peanuts from marketing penalties. House debated mutual security authorization bill. Sen. Morse criticized REA reductions. Rep. Staggers criticized Department's proposed changes in ACP programs. Rep. Avery commended Ass't Secretary Peterson's leadership in soil and water conservation programs. Rep. Hiestand introduced and discussed bill for greater coordination of Federal loan programs and fiscal and credit policies.

HOUSE

1. POULTRY. Passed with amendment, under suspension of the rules, S. 1747, to provide for the compulsory inspection of poultry and poultry products by this Department. This bill will now be returned to the Senate for consideration of the amendment to the bill. (This bill replaces a similar bill, H.R. 6814, passed by the House on July 9. See Digest 119). pp. 10577-83
2. PEANUTS. Passed as reported H.R. 6570, to amend the Agricultural Adjustment Act of 1938 so as to remove green peanuts from the marketing penalty provisions. p. 10568
3. WHEAT. The Agriculture Committee reported without amendment H.R. 8456, to exempt certain wheat producers from liability where all the wheat crop is fed or used for seed or food on the farm. p. 10637
4. FOREIGN AID. Began debate on S. 2130, the mutual security authorization bill, after adopting a resolution waiving all points of order against the bill. pp. 10593-615, 10627-36
5. MEATS. Passed over, on objections by Reps. Weaver, Byrnes, Wisc., and Marshall, H.R. 7244, to permit deductions for a self-help meat promotion program. p. 10568

6. BUDGETING. Passed over, on objections by Reps. Bow, Brown, Ohio, and Ford, H.R. 6900, to amend the Reorganization Act of 1946 so as to enable the Comptroller General to assist the Appropriations Committees in considering the budget. p. 10568

Passed over, on objections by Reps. Ford, Taber, and Horan, H.R. 8002, to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations. p. 10568

7. OLEOMARGARINE. Passed over, on objection by Rep. Byrnes, Wisc., H.R. 912, to amend the Navy ration statute so as to provide for the serving of oleomargarine or margarine. p. 10569

8. PUBLIC LANDS. Passed over, on objection by Rep. Heselton, H.R. 8054, to provide for the leasing of oil and gas deposits in lands beneath inland navigable waters in Alaska. pp. 10572-73

9. RECLAMATION. Passed without amendment S. 977, to suspend and modify the application of the excess land provision of the Federal reclamation laws to lands in the E. Bench unit of the Mo. River Basin project. A similar bill, H.R. 4410, was laid on the table. (p. 10574) This bill will now be sent to the President.

The Interior and Insular Affairs Committee reported with amendment, S. 1482, to amend the Columbia Basin Project Act so as to increase the limitation on the acreage one family might have of irrigated land (H. Rept. 810). p. 10637

10. CIVIL DEFENSE. Passed without amendment H.R. 7576, to amend the Federal Civil Defense Act of 1950 so as to permit the expansion of the civil-defense activity of the Federal Government to assume more responsibility for the national program. pp. 10583-90

11. NATURAL RESOURCES. Rep. Pfof inserted a newspaper editorial discussing the natural resource policies of the Administration for the development of the resources of U.S. as compared with expenditures for the development of the resources of foreign countries. pp. 10620-21

12. PERSONNEL. Rep. Staggers spoke in favor of pay raises for Federal employees. pp. 10626-27

SENATE

13. ELECTRIFICATION. Sen. Morse criticized private electric utilities and charged they were trying to cripple REA programs. He urged an expanded REA program to aid in full development of rural areas. pp. 10563-4

S. 2406, to authorize construction of improvement works on the Niagara River, remained the Senate's pending business. p. 10515

14. FORESTRY. The Senate concurred in the House amendment to S. 44, to authorize the Secretary to exchange lands in the Apache National Forest, N.M. This bill will now be sent to the President. p. 10559

Sen. Humphrey inserted an editorial urging enactment of S. 1176, to establish a national wilderness preservation system. pp. 10488-9

15. WATER CONSERVATION. Sen. Watkins announced the first water flow in the Weber Basin Water Conservancy District and explained the history of the project. pp. 10513-14

don; Prof. C. F. Powell, of the H. H. Wills Physical Laboratory at Bristol, England, Nobel Prize winner in physics; Prof. J. Rotblat, professor of physics, University of London and executive vice president of Atomic Scientists Association; Prof. A. M. B. Lacasagne, L'Institut du Radium, Paris; Prof. S. Tomonaga, department of physics, Tokyo University. Prof. Hideki Yukawa, director of the Research Institute for Fundamental Physics, Tokyo University, a Nobel Prize winner in physics; Prof. H. Ogawa of Tokyo University; Prof. Marian Danysz, of the University of Warsaw; A. M. Kuzin, of the Soviet Academy of Sciences; D. F. Skobeltsyn of the National Academy of the Soviet Union and

director of T. N. Lebedev, Institute of Physics, Moscow; A. V. Topchiev, head of the Institute of Silicates of the Soviet Academy of Sciences; Prof. Paul Doty, department of chemistry, Harvard University; Prof. H. J. Muller, professor of zoology at Indiana University, Nobel Laureate in medical physiology; Prof. Eugene Rabinowitch, research professor, University of Illinois; Prof. Walter Selove, department of physics, University of Pennsylvania; Prof. Leo Szilard, physicist, collaborator with Enrico Fermi in setting up chain reaction at University of Chicago where he is now professor of physics; Prof. Victor Weisskopf, Prof. David F. Cavers, associate dean at Harvard Law School.

RECESS UNTIL 11:30 A. M.
TOMORROW

Mr. JOHNSON of Texas. Mr. President, if there is no other business to come before the Senate, I move, in accordance with the order previously entered, that the Senate now stand in recess until 11:30 a. m. tomorrow.

The motion was agreed to; and (at 6 o'clock and 21 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, July 16, 1957, at 11:30 o'clock a. m.

House of Representatives

MONDAY, JULY 15, 1957

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Eternal God, our Father, may we enter upon this new week acknowledging gladly and gratefully our complete dependence upon Thy leading.

We are encouraged and sustained by the many gracious promises in Thy Holy Word that where Thou dost guide Thou wilt provide.

Inspire us in our moments of prayer with a reassuring sense of Thy greatness and goodness.

Grant that we may interpret the meaning of life in terms of service and always be the loyal champions of every noble and righteous cause.

May the close of each day be marked by some added measure of accomplishment in giving hope and help to struggling humanity.

Hear us in His name who went about doing good. Amen.

THE JOURNAL

The Journal of the proceedings of Friday, July 12, 1957, was read and approved.

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the calendar.

MEAT PROMOTION PROGRAM

The Clerk called the bill (H. R. 7244) amending the Packers and Stockyards Act, 1921, to permit deductions for a self-help meat promotion program.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WEAVER, Mr. BYRNES, of Wisconsin and Mr. MARSHALL objected.

AMENDING LEGISLATIVE REORGANIZATION ACT OF 1946

The Clerk called the bill (H. R. 6900) to amend section 206 of the Legislative Reorganization Act of 1946, so as to enable the Comptroller General more effectively to assist the Appropriations Committees in considering the budget.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BOW, Mr. BROWN of Ohio, and Mr. FORD objected.

IMPROVED METHODS OF STATING BUDGET ESTIMATES

The Clerk called the bill (H. R. 8002) to provide for improved methods of

stating budget estimates and estimates for deficiency and supplemental appropriations.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD, Mr. TABER, and Mr. HORAN objected.

PEANUTS FOR BOILING

The Clerk called the bill (H. R. 6570) to amend the peanut marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 359 (c) of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1359 (c)), be amended to read as follows:

"(c) The word 'peanuts' for the purposes of this act shall mean all peanuts produced, excluding any peanuts which it is established by the producer or otherwise, in accordance with regulations of the Secretary, were not picked or threshed either before or after marketing from the farm, or were marketed by the producer before drying or removal of moisture from such peanuts either by natural or artificial means for consumption exclusively as boiled peanuts. Any producer who establishes to the satisfaction of the Secretary, in accordance with regulations issued by the Secretary, that any peanuts marketed by such producer of the 1954, 1955, or 1956 crop were marketed by the producer before drying or removal of moisture from such peanuts either by natural or artificial means for consumption exclusively as boiled peanuts shall be relieved from any liability for penalties under this section in connection with the marketing of such peanuts, and if such producer has paid the penalty under this section in connection with the marketing of such peanuts he shall be entitled to a refund of such penalties. There is hereby authorized to be appropriated sums as are necessary for the payment of the refunds provided for herein, and in addition sums collected as peanut marketing quota penalties under this section which are on special deposit for refund of excess collections may be used to make the refunds provided for herein."

This amendment shall be effective for the 1957 and subsequent crops of peanuts.

With the following committee amendments:

Page 2, beginning with the word "any" on line 3, strike out all of the language to and including the word "herein" on line 20.

Page 2, lines 21 and 22, strike out "and subsequent" and insert a comma and "1958, and 1959."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HUNDREDTH ANNIVERSARY OF THE CIVIL WAR

The Clerk called the resolution (H. J. Res. 253) to establish a commission to commemorate the 100th anniversary of the Civil War, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. FORD. Mr. Speaker, reserving the right to object, a Member of this body came to me in the early part of last week and asked me specifically that the bill be passed over primarily because he is going to be out of town today. On his behalf, I ask unanimous consent that the bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

LAND TO CAPE FLATTERY SCHOOL DISTRICT, WASHINGTON

The Clerk called the bill (H. R. 993) to provide for the conveyance of certain land by the United States to the Cape Flattery School District in the State of Washington.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to convey by quitclaim deed to the Cape Flattery School District, Clallam County School District No. 401, State of Washington, all the right, title, and interest of the United States and the Makah Indian Tribe in and to the following-described land: Lot 1, block 36, village of Neah Bay, Wash.; lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14, in block 41, village of Neah Bay, and lots 1, 2, 3, 4, 5, 6, 7, 8, and 9, block 50, village of Neah Bay and that portion of Seventh Street lying between blocks 41 and 50, village of Neah Bay plus that portion of Sixth Street, lying between lot 1, block 36, and lot 1, block 41, village of Neah Bay, containing 5.56 acres, plus the land in Makah allotment No. 80 described as the southeast quarter of the northwest quarter of the northeast quarter of section 15, township 33 north, range 15 west, Willamette meridian, containing 10 acres.

With the following committee amendment:

Page 2, line 9, change the period to a colon and add the following: "Provided, That such conveyance shall not take place until the Cape Flattery School District, Clallam County School District No. 401, State of Washington, shall have conveyed by quitclaim deed to the United States, in trust for the Makah Indian Tribe, all right, title, and interest of the Cape Flattery School District, Clallam County School District No. 401, State of Washington, in the following described land: Lot 4, section 16, township 32 north, range 15 west, Willamette meridian. Clallam

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 18, 1957
For actions of July 17, 1957
85th-1st, No. 126

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HIGHLIGHTS: House debated mutual security authorization bill. House Rules Committee cleared bill to provide budgeting on accrued expenditure basis.

HOUSE

1. FOREIGN AID. Continued debate on S. 2130, the mutual security authorization bill. (pp. 10842-71, 10872-73, 10876-77). Agreed, 106 to 100, to an amendment by Rep. Bentley, as an amendment to a committee amendment, to reduce the authorization for defense support from \$700 million to \$500 million, which included a discussion as to whether additional funds from the sale of surplus commodities under Public Law 480 could be used for defense support purposes. The committee amendment, as amended, was agreed to 87 to 74. (pp. 10865-71)
2. BUDGETING; ~~TRANSPORTATION; GRANTS-IN-AID~~. The Rules Committee reported resolution for consideration of the following measures: p. 10879
H.R. 8002, to provide for the stating of appropriation estimates on an accrued expenditure basis.
H.R. 3233, to amend Sec. 22 of the Interstate Commerce Act so as to provide for transportation of Federal property free or at reduced rates.
H. Res. 312, to create a select committee to conduct an investigation of Federal grants-in-aid (H. Rept. 823), with amendment.
3. PUBLIC WORKS; PUBLIC BUILDINGS. The Public Works Committee ordered reported the following bills: p. D664
S. 497, with amendment, the rivers and harbors and flood control bill.

S. 2261, with amendment, to amend and extend the Public Buildings Purchase Contract Act of 1954, as amended, and to require certain distribution and approval of new public building projects.

4. ELECTRIFICATION; RECLAMATION. The Interior and Insular Affairs Committee voted to proceed to consideration of H.R. 5, to authorize construction of the Hells Canyon Dam. p. D663

The Public Works Committee ordered reported H.R. 8643, to authorize the construction of certain works of improvement in the Niagara River for power. p. D664

5. VIRGIN ISLANDS; CIVIL DEFENSE. The Government Operations Committee approved the following reports: Operations of the Virgin Islands Government and the Virgin Islands Corporation, and Status of Civil Defense Legislation (Eighth Report by the Committee on Government Operations). p. D663

6. SMALL BUSINESS. Rep. Zablocki discussed the condition of small businesses and urged the passage of legislation for its relief. pp. 10874-75

7. RECORDS; PROPERTY. Both Houses received from GSA a proposed bill entitled "A bill to amend section 507 and subsection 602 (a) of the Federal Property and Administrative Services Act of 1949, as amended" (regarding records and surplus property); to Government Operations Committee. pp. 10774, 10879

SENATE

8. APPROPRIATIONS. Sens. Ellender and Flanders were appointed as additional conferees on H.R. 7665, the Defense Department appropriation for 1958. p. 10788

9. WHEAT. Received from the N.D. Legislature a resolution urging a revision of the laws and regulations governing acreage control of durum wheat farmers to encourage the production of more durum wheat. p. 10774

10. FARM PROGRAM. Sen. Langer inserted a resolution of the Grant County, N.D., Farmers Union, urging payment for the soil bank based on the historical acres rather than the allotted acres, with a maximum of \$5,000 for such payments or for commodity loans. p. 10775

11. ELECTRIFICATION. Sen. Langer inserted a resolution of the Lower Yellowstone Rural Electric Ass'n, Mont., opposing any increase in REA interest rates (p. 10775), and the minutes of the Verendrye Electric Cooperative, N.D., with resolutions opposing "dishonest" private power company advertising, affirming their support of the preference clause, opposing any increase in REA interest rates, supporting a Federal dam in Hells Canyon, and urging the President to appoint new TVA board members carefully (p. 10776).

12. FEED GRAINS. The Department's recent report to Congress, "Possible Methods of Improving the Feed-Grain Program," includes a recommendation "that the price of corn be supported in the same manner as prices of other feed grains, namely, oats, barley, and grain sorghums. Under this proposal there would be no acreage allotments for corn or the other feed grains."

13. STATEHOOD. Sen. Kuchel urged passage of the bills to admit Hawaii and Alaska into the Union, and inserted an editorial "Overdue Statehood." p. 10795

CONSIDERATION OF H. R. 8002

JULY 17, 1957.—Referred to the House Calendar and ordered to be printed

Mr. O'NEILL, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 322]

The Committee on Rules, having had under consideration House Resolution 322, reports the same to the House with the recommendation that the resolution do pass.



House Calendar No. 96

85TH CONGRESS
1ST SESSION

H. RES. 322

[Report No. 826]

IN THE HOUSE OF REPRESENTATIVES

JULY 17, 1957

Mr. O'NEILL, from the Committee on Rules, reported the following resolution ;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H. R. 8002) to
5 provide for improved methods of stating budget estimates
6 and estimates for deficiency and supplemental appropria-
7 tions. After general debate which shall be confined to the
8 bill and continue not to exceed two hours, to be equally
9 divided and controlled by the chairman and ranking minor-
10 ity member of the Committee on Government Operations,
11 the bill shall be read for amendment under the five-minute
12 rule. At the conclusion of the consideration of the bill for

RESOLUTION

Providing for the consideration of H. R. 8002,
a bill to provide for improved methods of
stating budget estimates and estimates for
deficiency and supplemental appropriations.

By Mr. O'NEILL

JULY 17, 1957

Referred to the House Calendar and ordered to be
printed

1 amendment, the Committee shall rise and report the bill to
2 the House with such amendments as may have been adopted,
3 and the previous question shall be considered as ordered on
4 the bill and amendments thereto to final passage without
5 intervening motion except one motion to recommit.

Aug. 5, 1957

The Interior and Insular Affairs Committee reported without amendment H.R. 8646, to clarify the authority of the Secretary of Interior to convey federally owned land utilized in the furnishing of public works (H. Rept. 995). p. 12446

35. ADMINISTRATIVE ORDERS. Passed as reported H.R. 6788, to authorize the abbreviation of the record on the review or enforcement of orders of administrative agencies by the courts of appeals and the review or enforcement of such orders on the original papers and to make uniform the law relating thereto. pp. 12374-79
36. VETERANS' BENEFITS; PERSONNEL. Passed without amendment H.R. 8522, to amend and clarify the reemployment provisions of the Universal Military Training and Service Act. pp. 12379-80
37. TRANSPORTATION. Passed without amendment S. 943, to require carriers by motor vehicle to file with the ICC their actual rates or charges for transportation services. (p. 12382) This bill will now be sent to the President.
Passed over, at the request of Rep. Byrnes, Wisc., H.R. 5384, to amend the ICC Act so as to provide for the preservation of competitive through routes for rail carriers; and, at the request of Rep. Broyhill, S. 1383, to amend the ICC Act so as to require freight forwarders to obtain certificates of public convenience and necessity. p. 12381
38. WATER UTILIZATION. Passed as reported S. 1556, to grant the consent of Congress to Mont., S. Dak., N. Dak., and Wyo. to negotiate and enter into a compact relating to apportionment of the waters of the Little Mo. River and its tributaries. pp. 12384-85
39. RECLAMATION. Passed as reported H.R. 5679, to authorize amendment of the irrigation repayment contract between the U.S. and the Mirage Flats Irrigation District, Nebr. pp. 12386-87
Passed without amendment H.R. 5192, to extend the time during which the Secretary of Interior may enter into amendatory repayment contracts under the Federal reclamation laws. p. 12387
Passed with amendment, under suspension of the rules, S. 1482, to amend the Columbia Basin Project Act so as to increase the limitation on the acreage one family might have of irrigated land. pp. 12408-11
The Interior and Insular Affairs Committee reported with amendment H.R. 5309, to authorize the Secretary of the Interior to construct and maintain the lower Rio Grande rehabilitation project, Tex., Mercedes division (H. Rept. 1002). pp. 12446-47
40. BUDGETING. Rep. Morano spoke in faovr of the enactment of H.R. 8002, to provide for the stating of appropriation estimates on an accrued expenditure basis. p. 12400
41. CASEIN. Passed without amendment H.R. 38, to amend the Tariff Act of 1930 so as to provide for the temporary free importation of casein. p. 12432
42. ATOMIC ENERGY. Reps. Holifield and Price reviewed recent developments in the field of atomic energy, including the AEC program of assistance to cooperatives and publicly owned electric power groups. pp. 12442-44, 12444-45
43. PRINTING. Received from GAO a report on the audit of GPO for the 1956 fiscal year. p. 12446

ITEMS IN APPENDIX

44. FARM PRICES. Sen. Langer inserted two Farmer's Union Grain Terminal Ass'n radio roundups on the economic situation in the Dakotas and the problem of adjusting farm production, increasing with research, to relatively stable food and fiber consumption, without cutting farm income. pp. A6304-5
45. TOBACCO. Rep. Bass inserted an article on the Government's income from the tobacco price support program. p. A6309
Rep. Scott, N.C., inserted an article, "Smoking and Cancer--What is Known and Unknown--Here's Another View: Tobacco May Be Harmless." pp. A6341-3
46. WHEAT. Speech of Rep. Hill supporting H.R. 8456, to exempt from liability wheat producers who use their entire crop for feed or seed on the farm, and inserting statements by CSS Administrator Berger and Farmer's Union President Baker on the bill, and discussing provisions of the bill with Reps. Hill, Harrison, Neb., Cederberg, Gavin, Fulton, McCulloch, and Dixon. pp. A6313-16
Speech of Rep. Rhodes, Pa., supporting H.R. 8456, wheat for on-farm consumption, and reading constituent's letters supporting the bill. p. A6338
47. FOREIGN AID. Rep. Smith inserted a Wall Street Journal editorial criticizing the administration for requesting funds for Saudi Arabia which had not been accepted in fiscal year 1957. p. A6322
48. LIVESTOCK. Extension of remarks of Rep. Metcalf supporting H.R. 7244, to establish a voluntary program for research and promotion of the sale of meat and meat products, and inserting letters from Mont. cattlemen supporting the bill. pp. A6325-6
49. BUDGETING. Reps. MacDonald, Rogers, Fla., and Nimitz inserted material favoring the passage of H.R. 8002, to provide for the stating of appropriation estimates on an accrued expenditure basis. pp. A6337-38, A6343, A6348
Rep. Rogers, Fla., inserted a Chamber of Commerce report favoring reductions in taxes, Federal spending, and the Federal budget. pp. A6326-27
50. ELECTRIFICATION. Extension of remarks of Rep. Gwinn opposing legislation for the development of the Niagara River for power, and inserting a letter he had received on the matter. pp. A6348-49

BILLS INTRODUCED

51. IMPORTS. S. 2692, by Sen. Malone, to impose a tax on the importation of tungsten; to Finance Committee. Remarks of author. p. 12302
52. LIVESTOCK PRICES. S. Con. Res. 43, by Sen. Malone, to establish a Joint congressional committee for investigation of cattle and lamb prices; to Agriculture and Forestry Committee.
53. INFLATION. H. Con. Res. 222, by Rep. Vursell, calling on all labor officials, the National Association of Manufacturers, the National Chamber of Commerce, the State chambers of commerce, and all businessmen of the Nation to cooperate in efforts to stop inflation and the constant rise in the cost of living; to Banking and Currency Committee.

that there will be a very rapid and substantial expansion in total entertainment and dancing hours, and in the employment of musicians, if the 20-percent tax is repealed. This testimony can be summed up briefly.

1. An extensive study has been conducted of the economic position of musicians. The results of this study show that musicians as a group now experience great hardships. There have been job losses caused by technological change, and there have been job losses in establishments subject to the cabaret tax during the period in which this tax has remained at the high rate of 20 percent. Since consumer spending in similar establishments not subject to this tax has risen sharply throughout the postwar period, the high rate of this tax, in our opinion, must bear a substantial part of the responsibility for the job losses in these establishments.

2. If the committee grants that musicians, wherever they may find employment, are important to our cultural development and leadership, then we appeal to the committee to consider this 20 percent tax in human, rather than revenue, terms. The revenue is a pittance—some \$40 million annually. The human and cultural loss is incalculable. In my own interviews in many cities, I met not one musician who wanted his own son or daughter to pursue music as a career.

COST OF ENFORCEMENT HIGH

3. The administration and interpretation of this tax are difficult and vexing. The costs of administering and collecting this tax must be high.

4. This tax is discriminatory. Almost all other emergency excise taxes have been eliminated or substantially reduced. Food and beverages are taxed only when dancing and/or entertainment are provided simultaneously, and no other form of entertainment is now taxed at the 20 percent rate.

5. We do not claim that repeal of the 20 percent tax will solve all problems of the musical artist. Repeal of this tax, however, is the only alleviating action which is within the power of the Congress to undertake. And we have, we believe, presented strong evidence that such repeal will result in a very substantial improvement in employment opportunities for musicians as a group. In human and cultural terms, this will be a great gain.

Thank you, Mr. Chairman and gentlemen of the committee.

Mr. FORAND. Mr. Speaker, I yield such time as he may require to the gentleman from California [Mr. ROOSEVELT].

(Mr. ROOSEVELT asked and was given permission to revise and extend his remarks and to include certain communications.)

Mr. ROOSEVELT. Mr. Speaker, I wish to join my colleagues in commending the gentleman from Rhode Island [Mr. FORAND] for his excellent explanation of the advantages of this bill. It clearly will result in more employment; it will harm no one, and the committee obviously feels it will ultimately result in greater revenues for the Federal Treasury.

Many of my valued constituents have written to me in support of H. R. 17, and I am happy to quote their views below. I strongly hope the bill will pass.

LOS ANGELES, CALIF., August 1, 1957.
Congressman JAMES ROOSEVELT,
Washington, D. C.:

For and on behalf of 3,600 members of Walters Union Local No. 17, Los Angeles, we respectfully urge you to support and vote for bill H. R. 17, which would reduce the

entertainment tax to 10 percent on cabarets. This would encourage many of the cabarets to reopen and give employment to many members in the restaurant industry and also aid many employers who are suffering under the present 20-percent-tax burden.

EDWARD SIMPSON,
President.
CHARLES STIRNER,
Secretary-Treasurer.

HOLLYWOOD, CALIF., August 2, 1957.
Congressman JAMES ROOSEVELT,
District No. 26, California,
House of Representatives,
Washington, D. C.:

We understand that H. R. 17, re cabaret tax, is to be acted upon Monday, August 5. Earnestly solicit your attendance at this session and request your "yes" vote on same.

ELIOT DANIEL,
President, Local 47, American Federation of Musicians.

LOS ANGELES, CALIF., August 1, 1957.
JAMES ROOSEVELT,
Twenty-sixth District, House of Representatives, Washington, D. C.:

On behalf of the 21,000 members in the city of Los Angeles, we request a "yes" vote immediately on H. R. 17 because it is of vital interest to hotel, club, and restaurant employees. As you know, this will encourage the reopening of several hundred entertaining spots throughout the State and aid employment to several thousand members of our craft.

Very truly yours,
PAUL E. GREENWOOD,
Secretary-Treasurer, Los Angeles Joint Board of Hotel and Restaurant Employees Union, AFL-CIO.

HOLLYWOOD, CALIF., August 2, 1957.
Congressman JAMES ROOSEVELT,
District No. 26, California, House of Representatives, Washington, D. C.:

The board of directors of Local 47, American Federation Musicians, representing 16,000 musicians in the Los Angeles area who are vitally affected by cabaret tax bill H. R. 17 earnestly urge your attention when bill comes up for vote on Monday and request your yes vote.

BOARD OF DIRECTORS, LOCAL 47, AMERICAN FEDERATION MUSICIANS.

LONG BEACH, CALIF., August 3, 1957.
Hon. JAMES ROOSEVELT,
Washington, D. C.:

We understand H. R. 17 will come up before Congress on Monday, August 5th under suspension of rules. We sincerely hope you are able to be present and give us your support on this bill. Kindest regards and hope to see you when you return to the southland.

MARY E. DICKINSON,
Secretary, Musicians Association,
Long Beach, Calif.

LOS ANGELES, CALIF., August 2, 1957.
Hon. JAMES ROOSEVELT,
House of Representatives,
Washington, D. C.:

Will greatly appreciate your favorable consideration of H. R. 17 which I understand will be voted on August 5. Regards,

J. C. MEACHAM,
General Manager, Hotel Statler.

LOS ANGELES, CALIF., August 2, 1957.
Congressman JAMES ROOSEVELT,
House of Representatives,
Washington, D. C.:

We urge you to support H. R. 17 and seek an early vote on it before the summer vacation.

Your friend,
BILL POLLARD.

LOS ANGELES, CALIF., August 2, 1957.
Hon. JAMES ROOSEVELT,
House of Representatives,
Washington, D. C.:

We urge your favorable consideration of H. R. 17, which is expected to be voted on August 5.

C. W. HUDGENS,
Manager, Mayfair Hotel.

CALIFORNIA STATE
HOTEL ASSOCIATION, LTD.,
Los Angeles, July 31, 1957.

Hon. JAMES ROOSEVELT,
House of Representatives,
Washington, D. C.:

DEAR CONGRESSMAN ROOSEVELT: H. R. 817, introduced by Representative AIME J. FORAND, Democrat, of Rhode Island, and calling for 50-percent reduction in the cabaret tax, is expected to come before the House for a vote on August 5. The hotel industry is very much interested in the passage of this bill, as we have long felt the squeeze of this excessive levy. Representative FORAND, and I am sure, yourself, knows that the public resistance to the 20-percent tax has been responsible for the closing of entertainment rooms far and wide. Back in 1940 there were an estimated 700 rooms in hotels, alone, in this country, where entertainment was offered and where the tax was applicable. This number has now shrunk to approximately 175.

Congress has already reduced all admission taxes to 10 percent, leaving only the cabaret tax at the 20-percent level. As you know, the tax covers food and other services besides liquor. There are 13 States where legal liquor may not be served, but where this tax has made it impractical to offer entertainment in the hotel dining room.

With a 50-percent reduction in the cabaret tax, we feel sure that public resistance would be overcome and many entertainment rooms reopened. This would recoup the employment losses occasioned by the culinary and musicians unions, and in the end produce far greater revenue to the Government from the various tax sources.

Your favorable consideration and support of H. R. 17 will be appreciated by the members of the California State Hotel Association.

Thanking you, I remain,
Respectfully yours,
Bill R.,
WILLIAM C. ROBINSON,
Managing Director.

SOUTHERN CALIFORNIA
HOTEL ASSOCIATION,
Los Angeles, Calif., July 30, 1957.
The Honorable JAMES ROOSEVELT,
House of Representatives,
Washington, D. C.:

MY DEAR MR. ROOSEVELT: During the Second World War a number of nuisance taxes were invoked to slow spending, such as the admission tax and cabaret tax. Practically all admission taxes have been reduced to 10 percent. We believe if the cabaret tax was abolished or reduced, the Government would benefit by other taxes.

The employment of musicians, waiters, cooks, etc., in these eating establishments should increase greatly as the number of rooms with entertainment and where tax is applicable, has shrunk 25 percent of the number that existed before this tax was levied.

We hope you will give every consideration to H. R. 17, which calls for 50-percent reduction in the cabaret tax.

Sincerely yours,
SOUTHERN CALIFORNIA HOTEL ASSOCIATION,
CHESTER B. CALDWELL,
Executive Vice President.

Mr. FORAND. Mr. Speaker, I yield such time as he may require to the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, I want to commend the Committee on Ways and Means for bringing this legislation in. I have received numerous letters through the years from restaurants and dining halls in my district asking for the repeal of this special tax. Over half the so-called cabarets and restaurants in my district have closed their doors during the last few years because of this exorbitant tax. Let me say further, it has reduced the tax that the Government at one time collected from these restaurants in my district by over 50 percent. If this tax is lowered from 20 percent to 10 percent the return which the Government receives will be greatly increased. Furthermore, it has brought about a situation in my district where these honky-tonk music box places are getting the business that legitimate restaurants, dining halls, and cabarets previously had. This unjust tax has caused tens of thousands of musicians, waiters, and other workers to have been thrown out of employment during the last 10 years.

This legislation should be enacted into law and restore a tax equality to an industry which has been subjected to an unfair and unjust tax burden.

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. FORAND. Mr. Speaker, I yield such time as he may desire to the gentleman from Iowa [Mr. JENSEN].

Mr. JENSEN. Mr. Speaker, this bill conforms to the Constitution of the United States which provides that all taxes shall be uniform. Therefore I favor the bill.

The SPEAKER pro tempore. The question is on suspending the rules and passing the bill.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds having voted in favor thereof, the rules are suspended and the bill is passed.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count. [After counting.] Two hundred and thirty-seven Members are present, a quorum.

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The title was amended so as to read: "A bill to reduce the cabaret tax from 20 percent to 10 percent."

A motion to reconsider was laid on the table.

H. R. 8002

Mr. MORANO. Mr. Speaker, adoption of H. R. 8002 by the Congress would in effect serve notice that the Congress will henceforth dispose of appropriations in a sound and businesslike way.

This bill, incorporating the economy proposals of the Hoover Commission, would establish congressional control over the budget, it would require an

annual account of spending by Government agencies, and would keep Congress informed each year as to how the appropriated funds were being spent.

It is incredible that such a bill had not been made the law of the land many, many years ago. Surely, it is long overdue.

This measure has been endorsed by the President, by the bipartisan Hoover Commission, the Budget Director, the Comptroller General, and fiscal experts of every persuasion.

Despite this strong endorsement, backed by the pleas of countless thousands of economy-minded citizens, this bill is opposed by some well-informed members and now by Secretary of Defense Wilson, even after the administration's strong approval.

The objections of the opponents, in the clear right of reason, fail to convince me that this legislation is not necessary and not prudent.

I earnestly hope that the leadership will program this bill for action. Certainly the House should be given the opportunity to debate and vote this measure—which was unanimously approved by the Senate—up or down on its merits.

SOCIAL SECURITY COVERAGE UNDER STATE AGREEMENT FOR POLICEMEN AND FIREMEN

Mr. COOPER. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 4770) to amend title II of the Social Security Act to permit policemen and firemen in positions covered by retirement systems to obtain social security coverage on the same basis as other State and local employees, with the committee amendments as printed in the bill.

The Clerk read as follows:

Be it enacted, etc., That subparagraph (A) of section 218 (d) (5) of the Social Security Act is amended to read as follows:

"(A) For purposes of this subsection, a retirement system which covers—

"(i) positions of policemen and firemen, or

"(ii) positions of policemen or firemen, or both, and other positions.

shall, if the State concerned so desires, be deemed to be a separate retirement system with respect to the positions of such policemen or firemen, or both, as the case may be."

SEC. 2. (a) Section 218 (d) (1) of the Social Security Act is amended—

(1) by striking out "and except in the case of positions excluded by paragraph (5) (A)" in the first sentence; and

(2) by striking out "(other than a position excluded by paragraph (5) (A))" in the second sentence.

(b) Section 218 (d) (3) of such act is amended by striking out "excluded by or pursuant to paragraph (5)" each place it appears and inserting in lieu thereof "excluded pursuant to paragraph (5)."

SEC. 3. Subsection (p) of section 218 of the Social Security Act is repealed.

SEC. 4. Notwithstanding subsection (f) of section 218 of the Social Security Act, any agreement, or modification of an agreement, with any State under such section may, if such agreement or modification is agreed to prior to 1959, be made effective with respect to services performed in positions covered by a retirement system which covers positions of policemen or firemen, or both, which are

performed after an effective date specified in the agreement or modification, except that in no case may such date be earlier than December 31, 1955.

The SPEAKER pro tempore. Is a second demanded?

Mr. JENKINS. Mr. Speaker, I demand a second.

Mr. COOPER. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, the purpose of H. R. 4770 is to amend the Social Security Act to permit policemen and firemen in positions covered by retirement systems to obtain coverage under the Social Security Act. I should like to emphasize at the outset that this bill merely extends to all of the States the same option which was extended in the 1956 amendments to five specific States. It is not mandatory, but extends an option.

As may be recalled, prior to the 1956 amendments there was a provision in the Social Security Act which prevented coverage of policemen's and firemen's positions under old-age and survivors insurance. In the 1956 amendments, a provision, which was added by the other body, made an exception to this exclusion in the case of 5 specific States, thus making it possible for policemen and firemen in those 5 States to be covered under old-age and survivors insurance.

Since that time, policemen and firemen in many other States have indicated their desire to be included. The Committee on Ways and Means, at the time of considering H. R. 4770, had pending before it some 31 bills which would have extended coverage either to policemen and firemen in all of the States or to them in specific additional States. As I recall, at least some nine specific States were involved in these pending bills. The committee considered it a sounder approach to this matter to deal with it through general legislation rather than to continue the practice from time to time of adding specific States to those named in the 1956 amendments.

As is pointed out in the report, the Committee on Ways and Means believes that existing law provides adequate assurance that old-age and survivors insurance coverage will be extended only to groups of policemen and firemen who want such coverage. Under the present referendum provisions of the Social Security Act, members of a State or local government retirement system group have a voice in any decision to cover them under old-age and survivors insurance. In general, no retirement system group may be covered unless a majority of the members of the group, not just a majority of those voting, vote in favor of coverage in a referendum. The law also lays down requirements with respect to the conduct of the referendum to insure that all members of a retirement system will be accorded op-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued March 4, 1958
For actions of March 3, 1958
85th-2d, No. 33

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HIGHLIGHTS: See page 7.

HOUSE

1. CORN. Passed without amendment H. R. 10843, to permit soil bank payments to certain producers who exceed their corn acreage allotments. pp. 2873-74
Passed over, at the request of Rep. Ford, H. R. 10316, to exclude Ottawa Co., Mich., from the commercial corn-producing area during 1958. He stated that he understood that the above bill, H. R. 10843, would take care of the problems involved in this bill. pp. 2874-75
2. RICE; FISHERIES. Passed with amendments S. 1552, to authorize the Secretary of the Interior to establish a program of research and experimentation to develop methods for the commercial production of fish on flooded rice acreage in rotation with rice field crops. p. 2869
3. FARM PROGRAM. Rep. Beamer condemned the controversy over farm policies, and stated that "Agriculture is too important to be used as a political football." p. 2877

4. BUDGET. Rep. Taber inserted the text of an amendment he would proposed to H.R. 8002, to provide for budgeting on an accrued expenditure basis, and stated that it "effectively responds to the argument of the proponents of H. R. 8002 that Congress does not, but should, directly control the annual rate of disbursements." p. 2876
5. WATER UTILIZATION. Passed with amendments S. 1086, to grant the consent of Congress to a Bear River Compact. pp. 2870-73
6. WILDLIFE. The Merchant Marine and Fisheries Committee reported without amendment H. R. 10679 (H. Rept. 1445) and H. R. 10803 (H. Rept. 1446), to authorize the Secretary of the Interior to utilize funds available under the Migratory Bird Hunting Stamp Act to acquire by lease, purchase, or exchange, small wetland and pothole areas to be designated as "Waterfowl Production Areas." p. 2883
7. ROADS. Both Houses received from the Department of Commerce a progress report, prepared by the Federal Highway Administrator, on the highway cost allocation study, pursuant to the Highway Revenue Act of 1956 (H. Doc. 344). pp. 2778, 2883
Received from the Department of Treasury a report on the financial condition and fiscal operations of the highway trust fund for the fiscal year 1957, pursuant to the Highway Revenue Act of 1956 (H. Doc. 345). p. 2883
8. FORESTRY. A subcommittee of the Interior and Insular Affairs Committee ordered reported to the full committee with amendment H. R. 8250, to authorize the establishment of the Petrified Forest National Park in Ariz. p. D165
9. CITRUS INDUSTRY. Rep. Herlong discussed the growth and importance of the citrus industry in Fla. pp. 2880-82
10. FOREIGN TRADE. Reps. Bailey and Henderson spoke in opposition to extension of the trade agreements program, and inserted several statements on the matter. pp. 2879-80
Rep. Whitener inserted a letter he had received opposing extension of the trade agreements program. pp. 2878-79
11. 4-H CLUBS. Rep. Natcher commended the work of the 4-H Clubs. p. 2882
12. DAIRY PRICE SUPPORTS. Received a Miss. Legislature memorial favoring the retention of current dairy price supports. p. 2884
13. TREASURY-POST OFFICE APPROPRIATION BILL. In reporting this bill (see Digest 31), the committee included the following statement in its report:

"The Committee is in receipt of a joint report of the Treasury, Budget Bureau and the General Accounting Office on the subject of decentralizing large-scale repetitive payment disbursing operations. Also received are the comments on this report of the agencies most directly concerned. Simultaneously, the proposition to eliminate the check-writing function through the use of direct bank credits has been re-submitted to the Committee. Under the circumstances, the Committee hopes to separately review the various reports and proposals, submitting its suggestions or recommendations later in this session of Congress."

commercial corn area in 1958 and who may have their acreage reserve contracts invalidated for that reason. They should be exempted from the requirement this year, because they did not have effective notice of the establishment of corn acreage allotments before they made their plans to put their wheat, cotton, or other acreage into the soil bank.

I hope the gentleman from South Carolina or someone from the Committee on Agriculture will answer those questions, which I know they will do.

Mr. McMILLAN. If the gentleman will ask his questions, I will try to answer them.

Mr. FORD. May I ask this question: Will H. R. 10843 take care of those farmers who signed up for the wheat acreage reserve in counties like the 38 which became new commercial corn counties in October of 1957?

Mr. McMILLAN. Yes, my bill H. R. 10843 will take care of those counties. I thank the gentleman for introducing his bill and appearing before the Agriculture Committee to explain the situation existing in his State. I certainly would not want my bill to pass if it would not take care of the farmers in the gentleman's district from Michigan, as he introduced the first legislation to give these newly created commercial counties some relief.

Mr. FORD. I thank the gentleman.

There are two other questions: Second, will H. R. 10843, if enacted into law, protect those who have subsequently signed up for the corn acreage reserve in the 38 new commercial corn counties?

Mr. McMILLAN. Our committee counsel advises it will.

Mr. FORD. One final question. Does H. R. 10843 remove any of these 38 new counties from the commercial corn county category?

Mr. McMILLAN. No; it is my understanding it will not.

Mr. FORD. I thank the gentleman from South Carolina and the Committee on Agriculture for acting promptly and I think correctly in trying to remedy the inequity developed when these 38 commercial corn counties were established in October 1957. It seems to me that the Department of Agriculture when H. R. 10843 becomes law will have administrative authority to grant relief in those hardship cases where the facts justify such action.

Mr. McMILLAN. I thank the gentleman from Michigan for his valuable assistance. He appeared before the committee twice and gave us valuable information as to the situation existing in his counties, which have been vitally affected by the Department of Agriculture order placing those counties in the commercial corn area.

Mr. FORD. Mr. Speaker, I withdraw my reservation of objection, and ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore (Mr. THORNBERRY). Is there objection to the request of the gentleman from Michigan?

There was no objection.

INCORPORATION OF CERTAIN BUSINESSES IN ALASKA

The Clerk called the bill (H. R. 4634) to amend the act entitled "An act to create a legislative assembly in the Territory of Alaska, to confer legislative power thereon, and for other purposes," with respect to the incorporation of certain businesses.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 9 of the act entitled "An act to create a legislative assembly in the Territory of Alaska, to confer legislative power thereon, and for other purposes," approved August 24, 1912, as amended (48 U. S. C. 77), is amended by striking out "conduct of business of" and insert in lieu thereof the following: "conduct of all lawful businesses including but not limited to:".

SEC. 2. This act shall take effect as of August 24, 1912.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF HAWAIIAN HOMES COMMISSION ACT

The Clerk called the bill (H. R. 8476) to amend the Hawaiian Homes Commission Act, 1920, to extend the period of tax exemption of original lessees from 5 to 7 years.

The Clerk read the bill, as follows:

Be it enacted, etc., That subparagraph (7) of section 208 of the Hawaiian Home Commission Act, 1920, as amended (48 U. S. C. 702 (7)) is amended by striking out "5" and inserting in lieu thereof "7."

SEC. 2. The amendment made by this act shall apply only with respect to taxes imposed for periods after the date of its enactment.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TERRITORY OF HAWAII

The Clerk called the bill (H. R. 9461) to amend the joint resolution of the Legislature of the Territory of Hawaii, as amended by the act of August 23, 1954, to permit the granting of patents in fee simple to certain occupiers of public lands.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of Joint Resolution 12 enacted by the Legislature of the Territory of Hawaii in the regular session of 1949, as approved by the act of September 1, 1950 (64 Stat. 572) and amended by the act of August 23, 1954 (68 Stat. 764), is amended to read as follows:

"SECTION 1. A fee simple patent shall be issued to every occupier under a certificate of occupation, and to every lessee under a 999-year homestead lease, of public lands, where such lands have been improved under such certificate or lease, or improved under such a certificate and such a lease, and have been used as a place of residence by such occupier or lessee for an aggregate continuous period of not less than 10 years, upon payment to the commissioner of public land of a fair price, disregarding the value of the improvements made by the occupier or lessee, which price shall be determined by three

disinterested citizens to be appointed by the Governor."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS MISSISSIPPI RIVER

The Clerk called the bill (H. R. 5033) to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Friar Point, Miss., and Helena, Ark.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the time for commencing and completing the construction of a bridge across the Mississippi River at or near Friar Point, Miss., and Helena, Ark., authorized to be built by the Arkansas-Mississippi Bridge Commission and its successors and assigns by the act entitled "An act creating the Arkansas-Mississippi Bridge Commission; defining the authority, power, and duties of said Commission and authorizing said Commission and its successors and assigns to construct, maintain, and operate a bridge across the Mississippi River at or near Friar Point, Miss., and Helena, Ark., and for other purposes," approved May 17, 1939 (53 Stat. 747), shall be the 4-year period and the 6-year period, respectively, beginning on August 9, 1957.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WALTER F. GEORGE LOCK AND DAM

The Clerk called the bill (H. R. 9653) to provide that the Fort Gaines lock and dam on the Chattahoochee River shall hereafter be known and designated as the Walter F. George lock and dam.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, in honor of the late Senator Walter F. George, the name of the Fort Gaines lock and dam on the Chattahoochee River north of Fort Gaines, Ga., shall hereafter be known and designated as the Walter F. George lock and dam, and shall be dedicated as a monument to his distinguished public service. Any law, regulation, map, document, or record of the United States in which such lock and dam is referred to as the Fort Gaines lock and dam shall be held and considered to refer to such lock and dam by the name of the Walter F. George lock and dam.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXCHANGE OF LANDS IN HAWAII

The Clerk called the bill (H. R. 8482) to authorize the Commissioner of Public Lands of the Territory of Hawaii to exchange certain public lands for private lands of equal value required for public highway purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, notwithstanding any limitation imposed by section 73 (1) of the Hawaiian Organic Act (48 U. S. C. 673), the Commissioner of Public Lands of the Territory of Hawaii, in his discretion but with the approval of the Governor of the

Territory of Hawaii and two-thirds of the members of the board of public lands, is authorized to exchange public lands, consisting of rights-of-way of existing public highways which are to be relocated or realigned, for the purpose of acquiring privately owned lands of equal value required for such relocation or realignment of public highways.

SEC. 2. The lands received in the exchanges authorized in the first section of this act shall, except as otherwise provided, have the same status and be subject to the same laws as the lands given in exchange.

With the following committee amendment:

Page 1, line 4, strike out "(48 U. S. C. 673)," and insert "(48 U. S. C. 673), or section 99-48, Revised Laws of Hawaii, 1955."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER pro tempore. That concludes the call of the eligible bills on the Consent Calendar.

FINANCIAL INSTITUTIONS ACT, S. 1451 AND H. R. 7026

(Mr. MULTER asked and was given permission to address the House for 1 minute.)

Mr. MULTER. Mr. Speaker, the Financial Institutions Act, which passed the Senate last year as S. 1451, and its counterpart in the House, H. R. 7026, a bill of some 252 pages, may shortly come before the House for action. It undoubtedly will be presented as a revision or codification of the Federal banking laws.

If that is all the bill were, it would have been referred to the Judiciary Committee which is charged by law with "revision and codification of the statutes of the United States." The fact of the matter is that the Judiciary Committee subcommittee on revision of the laws has for some time been working on such a project. Because the title of the bill includes the word "amend" as well as the word "revise" the bill was referred to the House Banking and Currency Committee.

My purpose at this moment is to alert the membership to the situation presented by the attempt to enact this bill.

Every witness who testified before the House Banking and Currency Committee has referred to and discussed changes in the Federal statutes "of major importance." If the bill is enacted with these changes, most of the safeguards written into our banking laws since the 1920's will be eliminated and destroyed. Bank depositors and stockholders will again be put at the mercy of the moneyed interests and the big bankers of the country. The moneychangers who were driven out of the temple in the 1930's will not only move back into the temple, but they will take it over, lock, stock, and barrel.

BUDGET AND ACCOUNTING ACT—PROPOSED AMENDMENT TO H. R. 8002

Mr. TABER. Mr. Speaker, I ask unanimous consent to address the House

for 1 minute, and to revise and extend my remarks and include a copy of a substitute which I propose to offer to H. R. 8002 and an analysis thereof.

The SPEAKER. Is there objection? There was no objection.

Mr. TABER. Mr. Speaker, H. R. 8002, the so-called accrued expenditure appropriation bill, is scheduled to be considered by the House this Wednesday, March 5. It is a very bad bill in its present form. The Committee on Appropriations thinks it is a very bad bill in its present form. I therefore propose to offer an amendment which will enact a procedure which will better accomplish the main objective of H. R. 8002 but without its costly and confusing features.

The proposed amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsection:

"(b) Each department and establishment of the Government to which an appropriation is made shall annually submit to the Bureau of the Budget a justification for the continued availability of such funds and the President, in his annual budget message or supplemental messages, shall transmit to Congress his recommendations for action in the event he desires such availability to be continued, and, if so, in what manner and for what purpose."

"SEC. 2. (a) It shall be in order to include in appropriation bills, or in amendments thereto, provisions pertaining to the availability of funds referred to in section 201 (b) of the Budget and Accounting Act of 1921, as amended.

"(b) The provisions of subsection (a) of this section are enacted by the Congress—

"(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

"(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House."

EXPLANATION OF AMENDMENT TO BE PROPOSED TO H. R. 8002

The proponents of H. R. 8002 have repeatedly asserted that its main purpose—the crux of the bill—is to enact a formal procedure to secure systematic review and reapproval of further use of unexpended carry-over balances of prior appropriations.

The standing practice of the Committee on Appropriations has been to do that very thing each year in the hearings in order to be able intelligently to arrive at determination of new appropriations to be added to the carryovers or balances to be transferred or withdrawn. The purpose of H. R. 8002 is to enact this practice into law. The standing Rules of the House, however, do not now contain authority for the Committee on Appropriations to rescind, transfer, or reappropriate such unexpended balances found to be no longer needed for the original purpose.

To achieve the purpose of H. R. 8002 without enacting its bad and costly features, the proposed Taber amendment will be offered. It is a simple, direct, and effective approach without introducing endless confusion and the expensive device of contract authority

which was discarded in 1950 after many years' experience.

Mr. Speaker, it also effectively responds to the argument of the proponents of H. R. 8002 that Congress does not, but should, directly control the annual rate of disbursements. Here is how it would do so:

About two-thirds of actual disbursements—about \$48 billion of the \$72 billion, using the current budget as an example—in any one fiscal year are out of appropriations made for that same year. Cuts made in the appropriations requested for that year therefore automatically cut disbursements represented by the \$48 billion disbursements estimate, just by the simple act of cutting the appropriations from which the \$48 billion was going to be spent. So, as to two-thirds of the disbursements estimated in the budget, Congress now has all the direct disbursements controls it needs. Therefore, the Taber amendment does not apply to this \$48 billion part of the \$72 billion disbursements estimate.

The other one-third of actual disbursements is from appropriations of previous years—in other words, from unexpended carryovers. This represents about \$24 billion of the \$72 billion disbursements figure. This is the part which H. R. 8002 is primarily designed to get at because at present it is disbursed without any formal type procedure being routinely available in the law or the rules by which it can be directly controlled. The Taber amendment prescribes such a formal procedure for this \$24 billion portion and, in conjunction with the existing direct control procedure on the \$48 billion portion described above, gives Congress a formal type procedure for dealing directly with the entire \$72 billion disbursements figure.

THE TRUTH ABOUT COMMUNISM

(Mrs. ROGERS of Massachusetts asked and was granted permission to address the House for 1 minute and to revise and extend her remarks and include therewith extraneous matter.)

Mrs. ROGERS of Massachusetts. Mr. Speaker, there appeared yesterday in the magazine section of the Washington Post a very fine article by Commander John S. Gleason of the American Legion entitled "We Must Teach the Truth About Communism."

I hope everybody all over the United States will read it.

The article is as follows:

WE MUST TEACH THE TRUTH ABOUT COMMUNISM

(By John S. Gleason, Jr., national commander, American Legion)

(No organization in the United States is more staunchly anti-Communist than the 3-million-member American Legion. Thus many people were surprised last November when the Legion urged that children in every United States public and private secondary school should be taught about communism, its true history and its vast fallacies. In this exclusive article, John S. Gleason, Jr., national commander of the Legion, explains why he supports that stand.—The Editors.)

Know your enemy. That is perhaps the oldest military maxim in the world, and only a fool would dispute its worth. But

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HIGHLIGHTS: Senate committee reported second supplemental appropriation bill. Senate concurred in House amendments to bill for commercial production of fish on flooded rice acreage. Sen. Proxmire asserted his readiness to debate Secretary on farm program, and opposed cuts in dairy price supports. House committee reported pay bills. House passed Treasury-Post Office appropriation bill.

HOUSE

1. TREASURY-POST OFFICE APPROPRIATION BILL, 1959. Passed with amendments this bill, H. R. 11085. pp. 2987-3006
2. PAY RAISE. The Post Office and Civil Service Committee reported with amendment H. R. 9999, to provide increases in the rates of basic compensation for classified employees (H. Rept. 1452). p. 3016
Rep. Lane urged the enactment of legislation to increase the salaries of postal and classified employees, stating that they "have received only one increase of 8 percent since 1951, while the wages paid by private industry have more than doubled in that same period." p. 3011
3. BUDGETING. Rep. Wigglesworth inserted the text of an amendment he intends to propose to H. R. 8002, to provide for budgeting on an accrued expenditure basis. p. 3006

4. EXPORT-IMPORT BANK. The Banking and Currency Committee reported without amendment H. R. 10459, to increase by an additional \$2 billion the lending authority of the Export-Import Bank of Washington (H. Rept. 1450). p. 3015
5. REPORTS. Both Houses received from Treasury the annual report of the Secretary of the Treasury on the state of finances for fiscal year 1957 (H. Doc. 253). pp. 2916, 3015
Both Houses received a GAO report on the review of power billings and related activities under AEC contracts for electric power from TVA and some other sources. pp. 2916-17, 3015
Received from GAO a report on the review of the cost ascertainment system of the Post Office Department. p. 3015
6. HOUSING. Both Houses received from the Housing and Home Finance Agency a proposed bill "to extend and amend laws relating to the provision and improvement of housing and the conservation and development of urban communities"; to Banking and Currency Committees. pp. 2916, 3015
7. SCIENTIFIC AWARDS. The Rules Committee postponed action on H. R. 9619, to establish congressional awards for scientific achievement. p. D173
8. WATER UTILIZATION. The Rules Committee reported a resolution for consideration of H. R. 5309, to authorize the Secretary of the Interior to construct, rehabilitate, and maintain the lower Rio Grande rehabilitation project, Tex., Mercedes division. p. 3006

SENATE

9. SUPPLEMENTAL APPROPRIATION. The Appropriations Committee reported with amendments H. R. 10881, the second supplemental appropriations bill for 1958 (S. Rept. 1344). (p. 2918) (It is expected that copies of the committee report will be available later today.)
Sen. Hayden submitted notice of his intention to propose an amendment to the supplemental appropriation bill to permit cancelling of 1958 acreage reserve agreements upon the request of the farmer, and to increase the cotton acreage allotment 30% (increase not to be taken into account in future allotments). p. 2930
10. RICE; FISHERIES. Concurred in House amendments to S. 1552, to authorize the Secretary of the Interior to establish a program of research and experimentation to develop methods for the commercial production of fish on flooded rice acreage in rotation with rice field crops. This bill will now be sent to the President. p. 2930
11. FARM PROGRAM. Sen. Proxmire inserted his letter to the New York Times in which he offered to debate the Secretary, and an earlier editorial in the Times which stated that the critics of the farm program would not meet the Secretary in public debate because they knew most objective students of the farm problem agree that the present farm program is basically sound. p. 2935
12. DAIRY PRICE SUPPORTS. Sen. Proxmire opposed the cut in dairy price supports to go into effect April 1, and inserted a letter from a constituent on the farm-consumer price spread and the value of surpluses. pp. 2935-6

course, but we are doing the same thing with our Army. Unless money is restored, the Army will be cut to 870,000 troops by July of 1959, next year, a figure which our Army men say is below the danger point. Just how foolish can we get?

We see here, from the speeches made on the floor today that the administration has ordered money impounded, or not spent, in such vital places as the Coast Guard. Every day it comes to our notice that money has been withheld in vital places. While we are withholding money to prevent the building of quarters for our Coast Guard, we are sending money by the billions to foreign countries to bolster their economy, and as we cut the spending of the Federal Government in places where it is needed, we see the line of unemployed increase. People are walking the highways and byways begging for a job to earn bread for their starving families.

To my mind this is one of the reasons for the depression we find ourselves in at this time.

We need the Coast Guard. We need the Army at full strength to defend our great country but, again, we need to spend the money here at home to give jobs to our 5 million people who are now out of work.

This is no time to cut our national defense in any amount.

[Mr. BONNER addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. KILDAY].

The amendment was agreed to.

The Clerk read as follows:

Sec. 204. Not exceeding \$22 million of appropriations in this title shall be available for payment to the General Services Administration of such additional sums as may be necessary for the repair, alteration, preservation, renovation, improvement, and equipment of federally owned property used for postal purposes, of which not to exceed \$20 million shall be available for improving lighting, color, and ventilation for the specialized conditions in space occupied for postal purposes.

Mr. ROGERS of Colorado. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Colorado: Page 14, after line 6, add:

"Sec. 205. There is appropriated the sum of \$8,209,000 for the construction of a terminal annex at Denver, Colo."

Mr. GARY. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. Does the gentleman from Colorado desire to be heard on the point of order?

Mr. ROGERS of Colorado. Yes. I contend that the amendment is in order as provided by Public Law 519 dated July 22, 1954, which is commonly referred to as the lease-purchase law. Now, I want to read that part of title II, section 202, which in effect says that—

Whenever the Postmaster General determines that (1) there is a substantial need for space for postal purposes in any particu-

lar area which cannot be satisfied by utilization of any existing property suitable for the purpose then owned by the Government, (2) the receipts of the post office serving such area exceed \$10,000 per year, and (3) the best interests of the United States will be served by taking action hereunder, he is hereby authorized to obtain and provide space for postal purposes in suitable structures of permanent type construction in the several States, the District of Columbia, and the Territories and possessions of the United States (including Guam), by negotiating and entering into lease-purchase agreements.

Now, there is authorization to do it under lease-purchase.

However, it is my contention that under the same provision, under section G of Public Law 519 there is this proviso:

No proposed lease-purchase agreement shall be executed under this section unless such agreement has been approved by the Director of the Bureau of the Budget as evidenced by a written statement of such officer to the effect that the execution of such agreement is necessary and in conformity with the policy of the President.

I want to point out that the Committees on Public Works of the House and of the Senate upon application by the Postmaster General did on July 19, 1956, approve the proposal for the construction of a terminal annex at Denver, Colo. Now here is the authorization as I construe it for an appropriation. I call attention to this sentence:

No appropriation shall be made for lease-purchase projects which have not been approved by resolution adopted by the Committees on Public Works of the Senate and the House of Representatives respectively within 3 years after the enactment of this act.

When this law was enacted it contemplated appropriations for the purpose of carrying out lease-purchase agreements that had been approved by the Public Works Committees of the House and Senate and submitted by the Postmaster General. If that is not true, then why do we have the words:

No appropriation shall be made for lease-purchase projects which have not been approved.

As I understand it, there is an appropriation authorized where there has been a resolution approved by the Public Works Committees of the House and Senate upon submission by the Postmaster General to them for approval. That being true and, as I have pointed out, on July 19, 1956, the Postmaster General's proposal for a terminal annex at Denver, Colo., was submitted and approved, if it was not contemplated that an appropriation should be made, then why do we have this language:

No appropriation shall be made for lease-purchase projects.

This is a lease-purchase project that has been submitted and been approved. The limitation that no appropriation shall be allowed until the project has been approved by resolution of the Committees on Public Works of the Senate and the House of Representatives means this. My contention is when they say "no appropriation" they in turn authorize an appropriation when the project

has been approved by the Public Works Committees as this one has been approved.

The CHAIRMAN. Does the gentleman from Virginia [Mr. GARY] desire to be heard on his point of order?

Mr. GARY. Mr. Chairman, in the first place, the law cited by the gentleman from Colorado expired on 30 June last year. That is the lease-purchase law. In the second place, the lease-purchase law did not authorize any appropriations whatever. It merely authorized the construction of projects under a lease-purchase contract. In the third place, even if there were an authorization of construction, that comes under General Services Administration and the General Services Administration appropriation is not before this committee. We are considering the appropriation for the Post Office Department. There is absolutely no authorization whatever for the project in question.

The CHAIRMAN. The Chair will hear the gentleman from Colorado.

Mr. ROGERS of Colorado. Mr. Chairman, I disagree with the gentleman's statement that this is all under the General Services Administration, because, if the Chair will read Title II of Public Law 519, it specifically designates the Postmaster General. That is No. 1.

No. 2, he says that the law itself has expired. The law provides that these projects must be approved within 3 years. I offer proof here that this project was approved by the committee on July 19, 1956, within less than two years. And as to the requirement under "(g)" where it says, "No appropriation," if you do not contemplate some appropriation, why would you put it in that language? I contend that once it has been approved, as it has been approved in this instance, we are free to appropriate under this law.

The CHAIRMAN. Does the gentleman have proof that the project in question received the approval of the committee?

Mr. ROGERS of Colorado. Yes, Mr. Chairman. I have before me the lease-purchase project that was approved on the 19th day of July, 1956, by the Public Works Committee, and I also have the prospectus filed by the Postmaster General as to the terminal annex at Denver, Colo. It was from this that I arrived at the figure of \$8,209,000.

The CHAIRMAN. Does the gentleman have at hand a resolution of the committee approving this particular project?

Mr. ROGERS of Colorado. I called the committee and asked them for the resolution, and they said, "Here it is," and sent it over to me about 30 minutes ago. Here is the list. No. 24 on the list is "Denver, Colo., post office, \$8,209,000." That is why this motion is limited to that sum.

The CHAIRMAN. Does the gentleman from Virginia care to be heard further on the point of order?

Mr. GARY. Yes, Mr. Chairman. That was approved for a lease-purchase contract, not for an appropriation. The Congress cannot now make an appro-

priation under an act that has expired. The act itself is no longer in existence.

Mr. ROGERS of Colorado. May I reply to that this does say that no appropriation shall be made for lease-purchase projects until approved by the committee. That is the wording of the act itself. As far as the act's expiring is concerned, it provides that it shall be approved within 3 years of the enactment of this act. This act was approved July 24, 1954. The committee approved it on July 19 of 1956, which is within the 3 years.

The CHAIRMAN [Mr. HAYS of Arkansas]. The Chair is ready to rule.

The Chair is grateful to both the gentleman from Colorado and the gentleman from Virginia for their presentation. The Chair thinks reference to the legislation referred to by the gentleman from Colorado would develop the fact that the lease-purchase procedure is a distinctive type of construction procedure that does not yield to ordinary appropriation treatment. Consequently, the argument advanced by the gentleman from Virginia [Mr. GARY] appeals to the Chair. For the reason that no prior legislation authorizing this appropriation has been enacted by the Congress, the Chair sustains the point of order.

The Clerk concluded the reading of the bill.

Mr. GARY. Mr. Chairman, I move that the Committee do not now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. HAYS of Arkansas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 11085) making appropriations for the Treasury and Post Office Departments and the Tax Court of the United States for the fiscal year ending June 30, 1959, and for other purposes, had directed him to report the bill back to the House with sundry amendments with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. GARY. Mr. Speaker, I ask unanimous consent that all Members may

have 5 legislative days to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

PERMISSION TO EXTEND REMARKS

Mr. CANFIELD. Mr. Speaker, I ask unanimous consent that the distinguished chairman of the House Committee on Merchant Marine and Fisheries, the gentleman from North Carolina [Mr. BONNER], who was unavoidably absent from the House today, may be permitted to extend his remarks on the Coast Guard and the Coast Guard Reserve items in the body of the RECORD just prior to the vote. I ask this, Mr. Speaker, because the gentleman from North Carolina is a well-known champion of the Coast Guard and the Coast Guard Reserve.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

AUTHORIZED PAYMENT TO THE GOVERNMENT OF DENMARK

Mr. BOLLING from the Committee on Rules reported the following privileged resolution (H. Res. 493, Rept. No. 1454) which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2443) to authorize a payment to the Government of Denmark. After general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

LOWER RIO GRANDE REHABILITATION PROJECT, TEXAS, MERCEDES DIVISION

Mr. BOLLING (on behalf of Mr. THORNBERRY), by direction of the Committee on Rules, reported the following privileged resolution (H. Res. 494, Rept. No. 1455) which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5309) to authorize the Secretary of the Interior to construct, rehabilitate, operate, and maintain the lower Rio Grande rehabilitation project, Texas, Mercedes division. After general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and

Insular Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

INTER-AMERICAN HIGHWAY

Mr. BOLLING (on behalf of Mr. DELANEY), by direction of the Committee on Rules, reported the following privileged resolution (H. Res. 495, Rept. No. 1456) which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7870) to amend the act of July 1, 1955, to authorize an additional \$10 million for the completion of the Inter-American Highway. After general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

AMENDMENTS TO H. R. 8002

Mr. WIGGLESWORTH. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following amendments which I expect to offer to H. R. 8002:

Strike out all after the enacting clause and insert in lieu thereof the following: "That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsections:

"(b) Whenever the President determines there has been established a satisfactory system of accrual accounting for an appropriation or fund account, each proposed appropriation thereafter transmitted to the Congress for such account pursuant to the provisions of this act shall be accompanied by a proposed limitation on annual accrued expenditures.

"(c) Whenever an appropriation is subject to a limitation on annual accrued expenditures, there shall be charged against the limitation the cost of goods and services and other assets received, advance payments made and progress payments becoming due, and the amount of any other liabilities becoming payable, during the fiscal year concerned.

"(d) At the end of the fiscal year concerned, any unused balance of the limitation on annual accrued expenditures shall lapse.

"(e) Any liabilities becoming payable during the fiscal year concerned but for which payment is not made during that year may be paid, if not otherwise contrary to law, in a subsequent fiscal year or years to the extent they are within the limitation on annual accrued expenditures for the fiscal year concerned.

"(f) Any obligations incurred during the fiscal year concerned or in prior fiscal years which do not result in liabilities becoming payable during the fiscal year concerned shall be charged against the limitation on annual accrued expenditures for any succeeding fiscal year in which such obligations may result in liabilities becoming payable.

"(g) Nothing in subsections (b) through (f) of this section shall be construed to change existing law with respect to the method or manner of making appropriations or the incurring of obligations under appropriations."

"Sec. 2. (a) It shall be in order to provide in any bill or joint resolution making appropriations, or in any amendment thereto, limitations on annual accrued expenditures covering amounts becoming payable as a result of obligations incurred both in the fiscal year concerned and in prior fiscal years, and provisions pertaining to the availability of funds appropriated in prior fiscal years.

"(b) The provisions of subsection (a) of this section are enacted by the Congress—

"(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

"(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

"Sec. 3. This act, and the amendments made thereby shall cease to be in effect April 1, 1962."

EXTENSION OF CAPITOL

(Mr. BROWNSON asked and was given permission to address the House for 1 minute.)

Mr. BROWNSON. Mr. Speaker, after much thought, I am today introducing a bill to amend the Legislative Appropriation Act of 1956 by eliminating the requirement that the extension reconstruction and replacement of the central portion of the United States Capitol be in substantial accord with scheme B of the architectural plan of March 3, 1905. This is essentially the same bill as was introduced in the last session by the gentleman from Wisconsin [Mr. REUSS]. Similar bills have been introduced in the House by the gentleman from California [Mr. HESTAND], the gentleman from Iowa [Mr. SCHWENGEL], and the gentleman from New Jersey [Mr. WIDNALL]. This bill is essentially the same as the bill now being considered in the other body which was coauthored by Senator SMITH and Senator CASE of New Jersey; Senator CLARK, of Pennsylvania; and Senator HUMPHREY, of Minnesota.

It is a privilege to join with these far-sighted legislators in a last-ditch effort to preserve the classic architecture of the East Front of the Capitol from hasty and ill-considered change. I notice by today's press that Senator A. WILLIS ROBERTSON, of Virginia, also has joined his colleagues in calling for a delay on the proposed extension until there is a more thorough investigation of the feasibility of repairing the present front.

This controversial appropriation received remarkably little congressional attention. No hearings were held in the House or in the other body at the time this controversial provision was originally tacked on an appropriation bill. Together with the proposed House Office Building and changes and modifications in the two existing House Office Buildings it represented over \$94,500,000.

The great Committee on Public Works with its standing Subcommittee on Public Buildings was completely bypassed. In spite of the fact that the Capitol is a workshop for the Congress as well as a historical shrine, no broad segment of either the House or the other body was permitted to examine, testify, recommend, or to hear expert testimony from architects, historians and office management consultants as to the results of this drastic change. The latest hearings on this scheme B were held in 1935 and 1937. Only 43 Members of the present House date back that far in service.

Why are these extensive changes being made? Is change so much a fetish with us it is considered synonymous with progress? Cannot anything remain unchanging in an era of confusion to remind us that the fundamental principles of our Government and our Constitution do not change?

Millions who love the appearance of the Capitol and who remember and revere the forecourt, traditional setting of the inauguration of each President since Andrew Jackson would probably agree with Robert Browning when he said, "I detest all change, and most a change in aught I loved long since."

Is this the only place to provide a restaurant? What about the construction now under way at the cost of \$1 million or so in the courtyard of the New House Office Building. Is this the only place for additional committee rooms? What about the New Senate Office Building and the New House Office Building, now under construction.

Architectural Forum, outstanding building industry magazine has hinted that far more usable space could be obtained elsewhere than will be gained by moving the east front 40 feet forward, and at a cost considerably less than \$17 million, too.

Architects throughout the Nation, speaking individually and through the American Institute of Architects have condemned this program. One of Indiana's outstanding architects, known throughout the Nation for the distinguished character of his professional works, has joined in the cause. Mr. Edward D. James, of Indianapolis, who has for several years been serving as preservation officer for the Committee on Preservation of Historic Buildings of the American Institute of Architects wrote me on February 5 of this year. Let me read two short paragraphs from his letter:

In the years that I have been in the practice of architecture, I have been vitally interested in the restoration, and in the preservation of existing architecture which has significance in our American way of life. Most of my activity has been centered around Indiana and I have left the rest of the coun-

try up to other people. However, I have found that the east facade of the United States Capitol is about to be destroyed and the fine architecture of Dr. William Thornton, which was approved by George Washington, will disappear with that destruction.

I feel the urgency to advise you that the architects of America, and I am sure, many hundreds of thousands of other people, are interested in blocking this expansion program and in solving the necessity for the expansion in a different manner. I understand the plans have been completed and contracts are about to be awarded. I hope you believe as much in the preservation of this Capitol Building as I do and I hope you will join the fight for a different solution for this necessary construction.

Many Americans make a pilgrimage to Washington and their Capitol but once in a lifetime. For many of them that happy visit of inspiration comes while they are in high school. If this plan is carried out they will be denied the historic view of their Capitol for 3½ years while construction is underway. They will never again see this work of three of the Nation's early and most gifted architects, Dr. William Thornton, Benjamin Latrobe and Charles Bulfinch.

Public protest has saved the historic east front of the Capitol three times in its 165-year history. This is a continuing struggle. Scheme B for the moving of the east front has been lying around for 53 years to a day, since March 3, 1905. It is a product of the same enlightened era of architecture which produced the Library of Congress and the old Department of State Building.

It is apparent that all three Washington newspapers oppose this destruction of historic walls of that section of the Capitol for which George Washington laid the cornerstone in 1793. One paper has compared the destruction of these walls the British could not level when they burned the Capitol in 1814 to President Truman's attempts to change the exterior architecture of the White House by adding a cafeteria and auditorium in 1946. Where does it make sense to expend vast sums to repair the White House by rebuilding the interior from ceiling to roof without disturbing the exterior walls, then to sacrifice the original walls of the Capitol itself built from the same Virginia sandstone.

I have great respect for the Architect of the Capitol, Mr. J. George Stewart. He is affable, personable, technically qualified, and sincere in his position on this matter. I cannot, however, agree with him when the historic judgment of the press from coast to coast and of the American Institute of Architects, the National Trust for Historic Preservation and the Society of Architectural Historians plead so eloquently for the preservation of this national shrine which is only in the temporary custody of any one Congress. The arguments of those who propose this change are neither overwhelming nor do they stand the test of careful analysis.

At a time when there is concern about money for defense and money for sparking a lagging economy, is not \$17 million a pretty high price to pay for a noon-time restaurant, a few more committee rooms, and a private passageway to keep

the legislators secure from their constituents? And will the final figure really be \$17 million or will it be more like \$25 million or perhaps \$30 million.

The taxpayers provided their Congressmen with expensive new legislative chambers in 1951. They provided an expensive new Senate Office Building this year and an expensive new New House Office Building to be ready in a few years. Perhaps, instead of providing a new east front to the Capitol, the taxpayers may decide to provide the historic Capitol with a new group of less expensive Congressmen if this spending spree on the Hill does not terminate short of wanton destruction of this very building, itself.

GI HOME LOANS

(Mr. MULTER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MULTER. Mr. Speaker, on February 17, 1958, I introduced in the House H. R. 10764. I view this as a much needed emergency measure designed to breathe life into a very fine program that will soon become inactive unless prompt action is taken. I have reference to the GI home loan program. It is not only curtailment of the benefit for the veteran which concerns me, although this aspect, of course, is a predominant factor. The side effects resulting from the inability of veterans to obtain home loans are being reflected in the number of residential units being constructed, and in the related fields which are hit by a decline in home construction activity.

As has so often been true under this Administration, it is the small business man who suffers most. It is the builder of a few houses each year whose source of funds is cut off. It is the local suppliers of building materials who are hit the hardest by the small builder leaving the scene, since the large operators generally order direct from the factory or mill. But let me say that the problem is by no means confined to the small builder. Every manufacturer and dealer in appliances and furnishings is hit. It is being felt throughout our economy and is rapidly becoming more acute.

As we all know, the cost of living is rising. The average price of a new house rose from \$9,475 in 1952 to \$12,375 a year ago. Construction costs have risen more than 13 percent in recent years.

What does this mean to the individual who hopes to house his family in a home of his own? The answer is obvious. All of these forces combine to increase substantially the cost to him or drive him from the home-buying market completely.

The unfortunate fact is that these conditions are not likely to improve. On the contrary, the immediate likelihood is for further worsening. The GI loan program is at a standstill. The economy continues its downward slide.

How can we meet this problem which not only creates hardship for the veteran but also has widespread economic effects. There seems to me to be one reasonable solution which will have an immediate

effect. That is why I have introduced a bill to authorize \$2 billion in direct loans by the Veterans' Administration. Under my measure, the VA will be authorized to make loans throughout the country if a veteran is unable to obtain a guaranteed loan for which he qualifies. The maximum direct loan is increased from \$10,000 to \$20,000. The interest rate charged to the veteran would be less than 4½ percent. Savings banks and savings and loan associations whose accounts are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation would be authorized by the Administrator of the Veterans Association to act as his agent in placing and servicing these loans. A fee would be paid to these institutions out of the income derived from the loans.

Where will we get the money for these loans? Actually the money is available but is simply lying idle. The United States Government hold more than \$7 billion as trust funds of the national service life-insurance fund and the United States Government life-insurance fund. My bill would use \$2 billion of that \$7 billion, about 29 percent, and lend it directly on VA mortgages at the same rate as Government bonds are paying, plus the additional sum necessary to cover the cost of processing, servicing, and guaranteeing. Thus, the interest charge will be less than 4½ percent to the veteran.

One might ask if it would be prudent to so invest these funds. The answer is that this is a common practice of life-insurance companies. Most life-insurance companies have invested at least 35 percent of their funds in long-term home mortgages.

Furthermore, savings and loan associations put practically all of their funds in home mortgages. Savings banks and most of the pension funds put from 30 to 80 percent in mortgages. If this is a prudent practice for these institutions, why shouldn't we do the same with the veterans' life-insurance funds.

Through this program, the lending institutions will be free to use all their available funds for conventional mortgages and FHA insured mortgages. As soon as the market changes and additional funds are again available for both FHA and VA mortgages we can then suspend the direct-loan program.

Mr. Speaker, this is not special interest legislation. It will not only help the veteran trying to buy a home for his family. As I have pointed out, increased activity throughout the economy would result from this program. No additional budgetary expenditure would result. This is truly legislation in the public interest. I urge the Congress to take favorable action promptly.

UNDERGROUND GASIFICATION OF COAL—A RESEARCH NEED

(Mr. HUDDLESTON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HUDDLESTON. Mr. Speaker, in recent years there has been considerable interest in the underground gasification of coal. This involves the burning of coal in situ, either in its original seam

or after being broken up, in order to produce usable gases. It is possible to vary the nature and the quality—heat units—of these gases by substituting steam or oxygen in the combustion zone for air. The gases can be used for burning in boilers to generate power, to produce synthesized gasoline, oil for pipeline distribution and many organic chemical compounds.

The advantages of converting bulk coal into valuable gases at the mines are obvious. Not only does this process by-pass the costly mining operation but it also eliminates the expensive task of delivering mined coal to the user. In addition to these economy factors, underground gasification provides a means whereby coal reserves can be utilized to replace the Free World's dwindling oil and gas supply. The United States and the Western European countries have much greater supplies of coal than of oil and scientists believe, furthermore, that most of the oil yet undiscovered is in other sections of the world. Also, it should be emphasized that the recovery of energy by means of underground gasification will make available to mankind the heat units in coal beds either too thin or with too great a quantity of extraneous matter to be economically produced by mining. Here there exists a possible means of converting something which is useless into something useful.

Despite these incentives, neither the United States nor the Western World is leading the way in this type of coal research. I regret to report, Mr. Speaker, that it appears that the Soviet Union has made considerable scientific progress in this field and is now on the verge of a major breakthrough in successfully gasifying coal underground. At this time, the Russians have as many as 500 engineers and technicians at work on the problems of underground gasification, and in addition many research and educational institutions, while the United States has probably less than 20 persons engaged in this vital project.

Although pioneer underground gasification efforts were made in Russia more than 25 years ago, the first known experiment in the Western Hemisphere took place at Gorgas, Ala., in 1947. The experiment was a cooperative venture of the Alabama Power Company, which owned the coal in the ground in which the gasification was attempted, and the United States Bureau of Mines. Under the expert guidance of Mr. Milton H. Fies, vice president in charge of Alabama Power's coal operations, the Gorgas experiments have continued now for more than 10 years, yielding valuable research data. The technology of coal exploitation is still in its infancy in this country and much additional work is necessary, in Mr. Fies' opinion, to achieve any comparable degree of success.

Extensive gasification experiments have also been carried on in Italy, Belgium, France, Germany, and the United Kingdom. In Great Britain, the Ministry of Fuel and Power is tackling gasification problems in great earnestness. The British Government has retained a firm of prominent engineers, Humphreys & Glasgow, Ltd. of London, to push the gasification work. The government al-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued March 6, 1958
For actions of March 5, 1958
85th-2d, No. 35

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HIGHLIGHTS: Senate committee ordered reported bill to extend Public Law 480. House debated accrued expenditures budgeting bill. House committee ordered reported bill to regulate withholding of information by agencies. Rep. Anfuso introduced and discussed food stamp plan bill. Rep. Judd inserted Secretary's Minneapolis speech.

HOUSE

1. BUDGETING. Began debate on H. R. 8002, to provide for budgeting on an accrued expenditure basis. (pp. 3022-54) Amendments to the bill will be considered today, Mar. 6.
2. INFORMATION. The Government Operations Committee ordered reported H. R. 2767, to prevent Federal agencies from withholding information or limiting the availability of records to the public. p. D177
Received the report of the U. S. Advisory Commission on Information (H. Doc. 348). p. 3067
3. EXPORT CONTROL. The Banking and Currency Committee ordered reported H. R. 10127, to extend for an additional 2 years the authority to regulate exports contained in the Export Control Act. p. D177
4. WATER UTILIZATION. The Interior and Insular Affairs Committee ordered reported S. 2037, to authorize the performance of necessary protection work between the Yuma project and Boulder Dam, and S. 1031, with amendment, to construct and maintain four units of the Greater Wenatchee project, Wash. p. D177

5. ANNUAL LEAVE. A subcommittee of the Post Office and Civil Service Committee ordered reported with amendment H. R. 7710, to provide for the lump-sum payment of all accumulated and current accrued annual leave of deceased employees.
p. D177
6. TRADE AGREEMENTS. Rep. Lankford spoke in favor of extension of the reciprocal trade program, and cited the benefits of the program to certain industries.
p. 3054
7. FOREIGN AFFAIRS. Received from the President the second report pursuant to the Joint Resolution to Promote Peace and Stability in the Middle East (H. Doc. 349). pp. 3020-21

SENATE

8. FOREIGN TRADE; SURPLUS COMMODITIES. The "Daily Digest" states that the Agriculture and Forestry Committee "ordered favorably reported an original bill extending the Agricultural Trade Development and Assistance Act for two years, authorizing \$1.5 billion in each of the next two fiscal years, and \$500 million for fiscal 1958. Committee also extended title II of this act for two years, and adopted an amendment directing an increased barter program."
p. D175
9. SECOND SUPPLEMENTAL APPROPRIATION BILL, 1958. At the end of this Digest is a table showing actions on USDA items by the Senate committee in reporting this bill (see Digest 34). The Senate committee report contains the following comments:

GENERAL STATEMENT

"The committee has noted that many of the items for salaries and expenses for which funds have been provided in this bill have been justified on the basis of action by the Civil Service Commission in increasing or revising minimum rates under which qualified eligibles can be recruited for scientist and engineer positions. In many of these instances it appears that funds have already been allocated for such purpose, and the supplemental requests are made in order to continue such increased salaries.

"While the authority for the Commission, as contained in section 803 of the Classification Act of 1949, as amended by Public Law 763 of the 83rd Congress, states that such actions or revisions shall have the force and effect of law, the committee believes that such increased rates should not become effective until funds are specifically requested and approved by the Congress for that purpose." (This statement does not apply to any of the USDA items in this bill.)

AGRICULTURAL RESEARCH SERVICE

SALARIES AND EXPENSES

Research

"The committee recommends an additional amount under this head, of \$12,500 to begin urgently needed Federal research on pear decline, which disease has caused large losses to pear production in recent years, in the Pacific Northwest.

international peace and stability in the Middle East.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, March 5, 1958.

THE SECOND REPORT TO THE CONGRESS COVERING ACTIVITIES THROUGH DECEMBER 31, 1957, IN FURTHERANCE OF THE PURPOSES OF THE JOINT RESOLUTION TO PROMOTE PEACE AND STABILITY IN THE MIDDLE EAST—PROGRESS IN FURTHERANCE OF THE RESOLUTION, JULY 1, 1957–DECEMBER 31, 1957

The policy embodied in Joint Resolution 117 to promote peace and stability in the Middle East, approved by the President on March 9, 1957, continues to be a cornerstone of United States foreign policy in this vital area.

The resolution proclaims the intention of the United States to assist nations in the general area of the Middle East to maintain their independence. Its continuing, central purpose is to leave no possibility of miscalculation in the minds of potential Communist or Communist-controlled aggressors as to the results of aggressive action on their part.

In the 15 countries of the Middle East which Ambassador Richards and his delegation visited in March and April of 1957, and where the ambassador expounded the principles and motives of the policy and answered many probing questions, a broader understanding of, and a greater confidence in, the aims and purposes of the United States has been achieved. The commitments for assistance made by Ambassador Richards reinforced the internal strength of the nations which welcomed our assistance.

The determination of the United States, explicit in the resolution, that it is prepared to use Armed Forces, if requested, to render assistance in the event of armed Communist aggression in the Middle East, has been particularly heartening to the nations which have joined together in the Baghdad Pact. It has unquestionably contributed to the steadfastness with which they, and other states of the Near East, resisted the campaign of intimidation and disruption conducted by the Soviet Union and its agents.

The full force of the Communist propaganda apparatus has been brought to bear throughout the Middle East in an attempt to portray the resolution as an effort by the United States to extend its domination over the area, to split the Arab world, and to reinstate a form of colonialism. Misunderstandings concerning the specific purposes of the resolution, and of United States policy in general, have been created affecting the attitudes of even non-Communist elements. The recent Afro-Asian Conference in Cairo, where the Communists played such a major role, asserted, in a resolution on imperialism, that "both the Baghdad Pact and the Eisenhower doctrine interfere with the independence of the Arab countries, infringe on their sovereignty, and endanger their security."

This propaganda assault has been coupled with a more tangible campaign on the part of the Soviet Union and its satellites to penetrate and expand their influence in the area through economic and military assistance. By seeking to create the impression, through initially generous offers, that Soviet aid is free from all conditions and political strings, the Soviet bloc has attempted to discredit the constructive efforts of the United States and other free nations and to pose as the disinterested partisan of the legitimate economic and political aspirations of the countries of the Middle East.

The task of those in the Middle East who courageously strive to preserve their freedom, independence, and security in the face of these Soviet activities is not an easy one. The political, social, and economic needs and problems of the area are manifold and complex. The new nations of the Middle East are sensitive to the echoes of past colonial rela-

tionships. By the exercise of diplomatic skill, by patient and persistent efforts to reach understanding on the common objective, and by imaginative and vigorous action through our assistance programs, we can hope, with the continuing support of the Congress, to achieve the resolution's goal of promoting peace and stability in the Middle East.

ECONOMIC AND MILITARY ASSISTANCE EXTENDED IN FURTHERANCE OF THE RESOLUTION

The joint resolution authorized the President to cooperate in programs of economic and military assistance with any nation or group of nations in the general area of the Middle East desiring such aid to develop the strength necessary to preserve their integrity and national independence. Section 3 of the resolution contained special authorization to utilize not to exceed \$200 million from funds previously appropriated to carry out the provisions of the Mutual Security Act of 1954, as amended, in furtherance of the purposes of the resolution.

Section 3 of the resolution was particularly useful to Ambassador Richards in initiating action in behalf of those countries desiring assistance, and enabled effective use to be made of appropriated funds. During the 6 months ending December 31, 1957, the regular authorities of the Mutual Security Act, and funds appropriated pursuant thereto, were used to implement further the general purposes of sections 1 and 2 of the resolution.

1. Economic assistance

A total of \$123 million of funds available under the Mutual Security Act for the fiscal year of 1957 was committed for non-military-aid programs in implementation of the joint resolution. Of this amount, \$67.9 million was committed by Ambassador Richards, \$23.4 being obligated under the special authority of section 3, and \$44.5¹ under the regular authority of the Mutual Security Act. In addition, economic assistance in the amount of \$55.1 was obligated by ICA for Middle East programs not arranged by Ambassador Richards but which required the authority of section 3. If this special authority had not been available, most of these Middle East programs could not have been initiated. The details of these various commitments have previously been reported to the appropriate committees of the Congress.

During the 6 months ending December 31, 1957, prompt and positive action was taken to carry out all commitments for economic assistance made under the resolution. Materials have already been delivered or are in process of delivery; and new projects have been undertaken or existing ones advanced.

2. Military assistance

Although there was a marked intensification of the Soviet Communist effort, during the second half of 1957, to penetrate and subvert states of the Middle East, it was not necessary to invoke the final provision of section 2 of the resolution. This enables the United States, upon determination by the President of the necessity thereof, to render armed assistance to any nation requesting it in the defense of its independence and integrity against aggression from any country controlled by international communism. The existence of this provision undoubtedly constituted a strong deterrent to overt Communist aggression.

In addition to the broad psychological reassurance imparted by the resolution, the

¹ Twenty million dollars of this amount, which could not be obligated prior to the end of fiscal 1957 because of unforeseen legal and technical difficulties, was reappropriated under the fiscal year 1958 mutual-security program and is currently in process of obligation following successful negotiations with the country concerned.

expeditious and tangible fulfillment of the special military assistance commitments totaling \$51.1 million made by Ambassador Richards contributed not only to the material ability, but to determination of the nations of the Middle East to resist both internal subversion and external aggression. During the period of July 1, 1957, to December 31, 1957, virtually all of the items of equipment represented by these commitments, with the exception of some long-lead-time items and certain material being provided under offshore procurement, were delivered, and have already been integrated into the armed forces of the recipient countries. The authority of section 2 of the resolution made rapid military aid of this kind feasible, while the underlying sense of purpose and urgency conveyed by the promulgation of the resolution as a whole lent renewed impetus to the current fiscal year, 1958 military assistance program. Indeed, in certain urgent cases it resulted in a considerable acceleration of this program.

The decisive role played by the joint resolution in strengthening the nations of the Middle East, through the provision of special and selective military assistance, to resist the insidious and ever-present threat of international communism was of crucial importance during the past year.

ACTION PURSUANT TO SECTION 4 OF THE RESOLUTION

Section 4 of the resolution enjoins the President to continue to furnish facilities and military assistance to the United Nations Emergency Force in the Middle East with a view to maintaining the peace in that region. This assistance has been rendered.

The value of the supplies and equipment made available to the force by the United States on a reimbursable basis through 1957 has totaled approximately \$1.5 million. These were financed with funds appropriated to the Department of Defense.

Early in 1957 the United States contributed, as its share of the UNEF assessment of \$10 million, some \$3.3 million. This was provided out of funds appropriated to the Department of State for contributions to international organizations. The United States has also indicated its willingness to contribute on a matching basis one-half of the \$6.5 million of the UNEF's 1957 costs for which the General Assembly had requested contributions, using funds under section 401 (b) of the Mutual Security Act of 1954, as amended. Of this sum, the United States has paid \$920,850 to match contributions received from other members of the United Nations. In response to an urgent request from the Secretary General of the United Nations for special assistance to meet the deficit incurred for UNEF's 1957 costs, the United States has made a special contribution of \$12 million, using \$2.25 million of funds under section 401 (b) of the Mutual Security Act of 1954, as amended, and \$9.75 million of funds under section 400 (a) of the same act.

FINANCIAL INSTITUTIONS ACT, S. 1451 AND H. R. 7026

(Mr. MULTER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MULTER. Mr. Speaker, on March 3 I directed the attention of the House to the imminence of action on the Financial Institutions Act, S. 1451 and H. R. 7026—CONGRESSIONAL RECORD, page 2876.

It is my opinion that enactment of that bill will destroy most of the safeguards that have been written into the

banking laws of the country since the financial crash of 1929.

In order that our colleagues may better appraise many of the changes sought to be made by this bill, it is well for them to consider its authorship and sponsorship.

The dangerous changes of law encompassed within this 252-page bill were written by and are urged by an Advisory Committee made up of the big bankers of the country, working in cooperation with a committee of the monied interests appointed by the United States Chamber of Commerce. No one representing the public or bank depositors or bank stockholders was on any of those committees, which were controlled, by and large, by bank management and the American Bankers Association. Most of their recommendations have been written into the bill despite the opposition of important Government agencies.

It is indeed a strange piece of legislation which finds most of the 175 amendments suggested by the Government agencies ignored, while at the same time including most of the 200 recommendations urged by and on behalf of the special interests.

(Mr. REUSS asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. REUSS' remarks will appear hereafter in the Appendix.]

CONSERVATION AND DEVELOPMENT OF URBAN COMMUNITIES

(Mr. TALLE asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. TALLE. Mr. Speaker, by request, I today introduced for appropriate reference a bill to extend and amend laws relating to housing and to the conservation and development of urban communities and for other purposes. An identical bill has been introduced in the other body (S. 3399) and in connection therewith a section-by-section analysis of the bill was placed in the RECORD. This explanation can be found in the CONGRESSIONAL RECORD for March 4, 1958, beginning on page 2921.

HIRING HALLS FOR CASUAL LABOR ONLY FEASIBLE EMPLOYMENT METHOD

(Mr. PELLY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PELLY. Mr. Speaker, the announcement by the general counsel for the National Labor Relations Board that he would crack down on hiring halls in the construction industry after June 1 calls for immediate action. And, in this connection, I am writing Secretary of Labor James Mitchell urging that he support legislation to legalize hiring halls.

As I have stated previously to the House, the Taft-Hartley Act was written for industrial or factory-type labor relations and the only feasible method of operation in the building trade and cer-

tain other fields is a central point for hiring workers such as is presently in use. Nothing could be more wasteful and unsatisfactory than the old system of job solicitation and I am hopeful that the urgency and critical nature of the June 1 deadline will cause the administration and our great Secretary of Labor to support a bill such as I have introduced; namely, H. R. 8422, which would exempt the construction and maritime industries from the Taft-Hartley provision against hiring halls.

LEAVE OF ABSENCE

Mr. SCRIVNER. Mr. Speaker, I ask unanimous consent that I may be granted leave of absence, on account of official business, beginning tomorrow, for the remainder of the week.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

APPLICATIONS FOR WRITS OF HABEAS CORPUS

Mr. SMITH of Virginia, from the Committee on Rules, reported the following privileged resolution (H. Res. 497, Rept. No. 1457), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8361) to amend section 2254 of title 28 of the United States Code in reference to applications for writs of habeas corpus by persons in custody pursuant to the judgment of a State court. After general debate, which shall be confined to the bill and continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

IMPROVED METHODS OF STATING BUDGET ESTIMATES

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 322 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations. After general debate which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Government Operations, the bill shall be read for amendment under the 5-minute rule. At the conclusion

of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALL OF THE HOUSE

Mr. H. CARL ANDERSEN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 16]

Baring	Diggs	Powell
Blatnik	Engle	Radwan
Blitch	Forand	Reece, Tenn.
Bonner	Gordon	Rivers
Boykin	Grant	Saund
Buckley	Green, Pa.	Scott, Pa.
Burdick	Gross	Shelley
Celler	Hillings	Shuford
Christopher	Hollfield	Sieminski
Clark	James	Vinson
Davis, Tenn.	Jenkins	Walter
Dellay	McCarthy	Williams, N. Y.
Dempsey	Mason	Willis
Dent	Montoya	
Dies	Murray	

The SPEAKER. Three hundred and seventy eight Members have answered to their names, a quorum.

By unanimous consent further proceedings under the call were dispensed with.

IMPROVED METHODS OF STATING BUDGET ESTIMATES

Mr. O'NEILL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'NEILL: On page 1, line 8, strike out "2" and insert "3."

Mr. BROWN of Ohio. May I say that this has been agreed to on both sides of the aisle.

The SPEAKER. The question is on the amendment.

The amendment is agreed to.

(Mr. O'NEILL asked and was given permission to revise and extend his remarks.)

Mr. O'NEILL. At the conclusion of my half hour I will yield the remainder of the time to the gentleman from Ohio [Mr. Brown].

The SPEAKER. The gentleman from Massachusetts is recognized.

Mr. O'NEILL. Mr. Speaker, House Resolution 322 makes in order the consideration of the bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations. The bill is brought to the House under an open rule which provides for 3 hours of general debate.

The bill has become quite controversial, but it is my understanding that the gentleman from Massachusetts [Mr. WIGGLESWORTH] will offer amendments in the nature of corrections that have the overall approval of the majority of the committee.

The purpose of the bill is to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carryover balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures.

The bill will improve management; it will result in the production of more facts; it will give a stricter control by Congress and actually bring about more business-like procedures in the running of our Government.

H. R. 8002 amends section 201 of the Budget and Accounting Act of 1921 which sets forth certain requirements and specifications for the President's budget.

At the present time estimates for appropriations are presented and appropriations of funds are made to cover the goods and services to be ordered in the budget year regardless of whether such goods and services are to be received or paid for in the budget year or in subsequent years. This would be changed by the enactment of H. R. 8002.

Estimates of proposed appropriations would be determined on an annual accrued basis. As of the end of each fiscal year the excess of any appropriations over the accrued expenditures would lapse unless otherwise provided by law. Any remaining balances of each such appropriation would be merged with any appropriation for the same general purpose for the ensuing year and constitute a single account.

Contract authority in appropriations bills based on annual accrued expenditures is provided for projects and programs that will extend longer than 1 year. However, the appropriation for the year, plus the contract authority, plus accrued expenditures under any other appropriation for the same purpose may not exceed any maximum amount that may be continued in the basic legislation that authorized the appropriation to be made. Provision is also made so as to permit the granting of contract authority in an appropriation bill so as to avoid the imposition of a point of order against such contract authority in an appropriation bill. Certain exemptions from this policy are allowed and are listed in the bill.

I believe this bill will provide an annual congressional review of appropriations granted in prior years and will give the Congress a positive control over the annual expenditures for both current and prior years' appropriations.

I urge the adoption of House Resolution 322 so that the House may proceed with the consideration of the bill, H. R. 8002.

Mr. Speaker, I now yield 30 minutes to the gentleman from Ohio [Mr. Brown].

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may consume.

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, this rule has been so ably described and as amended makes in order 3 hours of general debate for the consideration of H. R. 8002, to place the budgets of the United States on an accrual expenditure basis. The bill is based upon a recom-

mendation which was originally made by the second Hoover Commission. As you know, that Commission was an arm of Congress established for the purpose of endeavoring to obtain or recommend methods at least by which we might get greater economy and efficiency in the conduct of the public business.

When this matter came before the Hoover Commission, which was a bipartisan commission, back in 1955, rather strangely only two members of the Commission reserved the right to oppose this particular recommendation for the accrued expenditures budget arrangement and they were myself and the gentleman from California [Mr. HOLIFIELD] who served on that Commission so ably and so well. We both said we wanted to convince ourselves, we wanted to consult with the various committees of the Congress, as to the effect of such an action before we determined our own position thereon. We did exactly that.

A bill was introduced in the House of Representatives and in the United States Senate to put the Government on an accrual expenditure basis. It was considered by the Committee on Government Operations and reported unanimously. I think I should also say to you that the United States Senate last year passed a bill quite similar to this measure by unanimous vote.

Our committee changed that a bit because of the testimony and brought out a clean bill. This was due to the testimony that had been presented to our committee. The Senate took its action and our House Committee on Government Operations took its action because 2 years ago or about 2 years ago in this last Congress, the Congress passed by an overwhelming majority a bill based on the same recommendations of the Hoover Commission, or virtually the same recommendations, to place the departments and agencies of the Federal Government on an accrual expenditure accounting basis.

So this bill is before you today, and the one which passed the Senate, would simply take the second step to put the budgets that are brought before the Congress, the presidential budgets, in line with the accrued expenditures accounting procedures established by the Congress for the departments and the agencies of Government.

May I interpolate just a moment to say that practically every business concern of any size or stature in the United States is on both that type of accrual expenditure accounting basis and the type of accrual expenditure budgeting basis as provided for in this legislation.

Now, after our committee reported the bill as originally drawn, the bill prepared by the gentleman from Florida [Mr. ROGERS], there were some objections made to it by various people. And, by the way, I would like to say that our committee heard members of the Committee on Appropriations and a great many other witnesses in advance of the bill being reported, but there were some criticisms made, some doubt expressed by some of the suppliers of Government goods, by some of the contractors especially in the defense industry, and per-

haps I should say especially in the aircraft industry, that this bill as originally reported from our committee would interfere with the obligational authority for long-term contracts. So an amendment was made to work out legislation that would obviate any criticism, and make it such that it could not be criticized, and would meet the objections raised to the measure as we had reported it.

The gentleman from Massachusetts [Mr. WIGGLESWORTH], who is the second ranking Republican on the House Committee on Appropriations, has prepared a compromise amendment or bill to replace, in effect, or rewrite—let us put it that way—the ROGERS bill as reported by our Committee on Government Operations. That amendment or rewritten bill by the gentleman from Massachusetts was drawn for the purpose of attempting to satisfy other members of the Committee on Appropriations and, perhaps, certainly all of the criticisms that had been heard. It was submitted to the Bureau of the Budget and to the various Government agencies, including the White House, and to the members of the Hoover Commission, which is a bipartisan group and which supports the report, and has finally been approved by all of those particular groups.

Now, in writing these original recommendations to put this into effect, we had the benefit and advice and support of such prominent men in public life as our good friend, Jim Farley; former Ambassador Joe Kennedy; Dr. Storey, head of the law school, Southern Methodist University, at one time president of the American Bar Association; the Attorney General of the United States; former President of the United States, Herbert Hoover, Senator McCLELLAN, chairman of the Government Operations Committee of the Senate, and others. And, as I said a moment ago, as a result the Senate bill passed that body last year by a unanimous vote; every Member of the House and the Senate approving it. Yet, we feel on our committee that in order that there can be no reasonable criticism or objection of that which we are attempting to do, we should be willing to accept the suggestions in the substitute or the language that has been prepared by the gentleman from Massachusetts [Mr. WIGGLESWORTH], in conjunction with a great many authorities, which I understand he will offer later in the day.

That amendment, by the way, will include some of the suggestions that were made by the ranking Republican Member of the Committee on Appropriations, the gentleman from New York [Mr. TABER].

Let me add further that, of course, this amendment to be offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH] provides that no accrued expenditures budget can be submitted to Congress until the President finds that the agency covered by such a budget has its accounting under an accrued expenditures accounting arrangement and in a position where he can submit such a budget and where he can logically support such a budget.

This bill also has a limitation in which I am sure some of the Members will be interested. It is not effective on and after April 1, 1962, unless the Congress sees fit to extend it. Why was that limitation placed in this bill and in the amendment? It was placed there in order to give the incoming President, regardless who he may be, the opportunity to acquaint himself with that system. Remember, the incoming President will be seated on January 20 of 1961 which would be after the budget was submitted for the coming fiscal year. So that gives him a year in which to prepare a new budget and to decide for himself what he wants to do about the situation and what Congress wants to do about the situation.

This bill is permissive so that the President is not compelled to do this if he does not want to. So we feel that it is very fair. The majority leader and the minority leader have helped in going over this arrangement and working it out. It is something that we think will be fair.

As I understand it, there will probably be two issues brought before the House. One will be, according to what I see in the CONGRESSIONAL RECORD and have read because it has been published there, an amendment to be offered by the gentleman from New York which would not provide for an accrued expenditures budget, as I read it, but would simply authorize and permit his committee to do that which it is already doing under the present law, with the exception of the right to rescind certain appropriations without the danger of a point of order being made against it. The other amendment is the Wigglesworth amendment which, as I said, is a compromise amendment that has been worked out seemingly to the satisfaction of all groups concerned except some of those who are on the Committee on Appropriations. It includes that provision for rescission that is included in the Taber amendment.

Now, who is for this bill? The Secretary of the Treasury; and I understand the Department of Defense will have a message in here to the effect that they approve it; the Bureau of the Budget, the President, the so-called Hoover Committee group, the American Farm Bureau, and a great many organizations all over the country.

This bill and this amendment have had the wide endorsement of practically every newspaper in the country. In fact, the only newspaper I know of that has come out against this proposal editorially has been the Washington Post. The other newspaper here, the Washington Star, had an editorial in support of it just this past week.

We think it is a very fair, reasonable adjustment. It does not give the Hoover Committee and the other groups everything they wanted or asked for. It does not give the Committee on Appropriations or some of its members everything that they asked for. It does not give the President, perhaps, everything he would like to have, or that the Bureau of Budget would like to have. But it has been an honest attempt on behalf

of the gentleman from Massachusetts [Mr. WIGGLESWORTH] to try to work out some reasonable compromise that would protect these long-range contracts, that would protect the rights of the Committee on Appropriations, and that would give back to the Congress of the United States and through the Congress to the Committee on Appropriations a greater control of the purse strings of this Nation.

As the result of that sort of action, if the Wigglesworth amendment, which our Committee on Government Operations, as I said a moment ago, has unanimously agreed to accept as an amendment, is adopted, then we will be eliminating any reasonable objection to this bill, any danger that we will interfere with any long-range contract with the Federal Government, and we will give actually to the Congress and the Committee on Appropriations greater powers and authorities than they exercise now, when we have some \$70 billions, or did have on July 1, of carried-over appropriations which somehow or other we could not control as well as we should like to.

So I am hopeful that this amendment by the gentleman from Massachusetts [Mr. WIGGLESWORTH] will be adopted, so that we may get along with our business and carry out the intent and purpose of the Congress in this field when nearly 2 years ago we placed the Departments and Agencies of the Government, through other legislation which we passed and approved, on an accrual-accounting basis. This is the final logical step that will put us on a better business basis and will give us a better opportunity to control the expenditures of the Government.

Mr. O'NEILL. Mr. Speaker, I have no requests for time on this side.

Mr. BROWN of Ohio. Mr. Speaker, I yield such time as he may use to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN of Illinois. Mr. Speaker, our colleague from Ohio [Mr. BROWN] has presented such a sound argument as to why the bill H. R. 8002 should be enacted that it leaves little for me to say. It seems to me we cannot take his word lightly, coming from one who has served on both Hoover Commissions and is also a member of the Committee on Government Operations and an acknowledged authority on budgets.

Undoubtedly the enactment of this bill will mean new problems will be presented. The question as I see it is whether or not the Congress of the United States is willing to assume these problems and extra responsibilities. I think we should, because I believe the benefits derived as a result of the enactment of this bill will offset any extra work or new problems that we have before us.

In my opinion, the enactment of this bill, recommended by the Hoover Commission, will save the taxpayers many billions of dollars. After all, with the gigantic spending program before us, it is necessary that we use every method we can in order to keep the expenditures as low as possible. I say this with the realization that our good friend from

New York [Mr. TABER] has, as we all know, during his many years in Congress, saved the taxpayers billions and billions of dollars. Some of the people who have written me from my district as well as throughout the country in support of this bill have indicated that that is one of the most difficult assignments they have had to perform, because they realize that JOHN TABER is a great American and has saved the taxpayers so many billions of dollars throughout his long service and I deeply regret that we differ on this important issue. I regretfully urge the adoption of this rule and the enactment of H. R. 8002.

Mr. BROWN of Ohio. Mr. Speaker, may I say to the House that in an attempt to be absolutely fair, and in order to give the House an opportunity to hear the arguments on both sides of this particular problem, we agreed to an extension of the time for general debate on the bill from 2 hours to 3 hours. As you know that amendment was adopted here unanimously just a little bit ago. In addition, I have agreed to yield time on the rule to the gentleman from New York and I also have agreed along with the gentleman from Michigan [Mr. HOFFMAN] to divide the time on general debate equally between the gentleman from New York [Mr. TABER] for use of those who oppose the amendment to be offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH] and who are in support of the so-called Taber amendment, and those of us who are supporting the Wigglesworth compromise amendment. So, Mr. Speaker, at this time I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, so that we may have in mind the sincerity, and the confidence that the proponents of this legislation have in its effectiveness and in its efficiency, I propose to read from page 4 of the bill, section 3 at the bottom of the page:

This act, and the amendments made thereby shall cease to be in effect July 1, 1961.

Did you ever hear of such a thing as that? Coming in here with a major piece of legislation and admitting right on the face of it that it is no good. Now, I think we ought to have a few things squared away so I am going to read right now what Commissioner James A. Farley said about this proposal:

Theoretically these recommendations may be desirable from an accounting point of view; but I am not certain that put into effect they will produce the desired objectives.

This report has been approached from the viewpoint of a cost accountant operating in a private commercial enterprise, in which goods and services are produced and sold for the avowed purpose of providing a profit to those whose capital is invested. That may be an appropriate concept for certain governmental operations which are similar to private commercial ventures and, in fact, is currently in use by many such governmental organizations as stated in the report; it does not seem to me, however, to be appropriate across the board to all Government activities and operations.

Now, I am going to read to you, because I think I ought to, a quotation from a letter by the Director of the Budget, Mr. Brundage, to Senator SALTONSTALL, which letter appears in the CONGRESSIONAL RECORD at page 6689 of May 23, 1957:

I believe we should continue to follow the sound procedure of fully funding the procurement of all items necessary for the full operation of such major things as airplanes, tanks and ships when the initial appropriation is made. We would lose budgetary control of these programs if we adopted a policy of partial funding for such items.

I could read you more of these statements, but I am not going to because I do not have the time.

Here is the picture. I am going to give you a picture of how this thing would work. You appropriate a block of money for accrued expenditure during the following fiscal year, from the bill which you are writing. Now suppose you put in an appropriation for a million dollars to build a building in fiscal year 1959. Naturally that program cannot be put together and the whole thing settled and a contract let before the 1st of June 1959, or 30 days before the expiration of the fiscal year. A contract is entered into with the contractor at that time to build a building within the appropriation. Under this bill that fund, although it has been obligated, and the Government was bound to pay the contractor the money, would lapse under this bill and go out of existence, and your contractor would be left high and dry, just like these people who used to go before the Court of Claims for their money, and he would have to wait on the question of whether or not the Congress would give him the money to pay it, and he could not do anything.

That is a sample of the way things would work. How silly can you get?

Here is another thing you ought to be thinking about as you approach this proposition. You appropriate money for all of these things. You just divide it up in such shape that the accounting procedure and the bookkeeping procedure will be more than doubled, and you will not have any successful operation of your Government. In addition to that, where they appropriate money to start a job on the accrued expenditure basis, and divide the part of it that is to be spent in the coming fiscal year separate from what is to be available afterward, you do not have any authority under the statutes, as they exist, to let a contract.

I have in front of me title 41, section 11, of the United States Code:

No contract of purchase, unless authorized or under adequate appropriation—

And these contracts cannot be under adequate appropriation unless they are made right out and out—

No contract of purchase on behalf of the United States shall be made unless the same is authorized by law or is under an appropriation adequate to its fulfillment, except in the Departments of the Army, the Navy, and the Air Force for clothing, subsistence, forage, fuel, quarters, transportation, or medical and hospital supplies, which, however, shall not exceed the necessities of the current year.

Note that exception. That exception would not apply to any of the things that these expenditures have to be made for in the days to come.

That is the law. There is no proposal here to amend it. Just so you may have a picture of how things are going and what has been done, the outfit that has been supporting this proposition has been rearing around in great style.

I think I ought to tell you my experience with them. I am just an ordinary fellow, I know, but the ordinary fellow sometimes reacts to this kind of treatment. Three separate appointments were made for me to talk to Mr. Francis, chairman of the committee that was supposed to be operating on this thing, made by the Bureau of the Budget at the request of the Director of the Budget.

Mr. Francis came to town on those occasions, but he ran out on the question of seeing me. I do not know whether it was because he did not have any confidence in his job or not; but that was my experience with him.

Then I got a letter from him when I got home last fall wanting to know if I would interview one of his aids who would come and explain the bill to me. I said that I would. I went over to Ithaca one day and I was interviewed by a gentleman who was the chief engineer of Cornell University. I visited with him for 10 minutes and he became satisfied that this crazy expenditure bill and the whole thing was bad.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. TABER. Mr. Speaker, can the gentleman from Ohio yield me more time?

Mr. BROWN of Ohio. I am sorry, I have no further time.

Mr. TABER. Will the gentleman from Massachusetts yield me a little time?

Mr. O'NEILL. I yield the gentleman from New York 2 minutes.

Mr. TABER. I thank the gentleman.

He asked me if I would go down to New York and meet with these people. I said, "Yes." He made arrangements for me to go down the following Tuesday, but on Monday I got word from him that Mr. Francis had had to go to Washington, so the party could not be held.

These people have broadcast their views on this bill all over the country; I have had it checked, and I find they must have spent thousands and thousands of dollars promoting this racket. I have had it checked.

Mr. CANNON. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Missouri.

Mr. CANNON. After the expenditure of thousands of dollars—and the gentleman is right—to sell this bill to the country they come in here this morning and tell us they are introducing an amendment striking out everything after the enacting clause. In other words they are striking out the bill they sold to the country.

Mr. TABER. And they have not filed any statement with the Clerk of the House of Representatives with respect

to their lobbying activities. Well, I suppose that does not mean much.

I hope that when we get into general debate I will be given an opportunity to go into the details of this thing a little more thoroughly so the membership and those who have proposed it will understand it.

Mr. O'NEILL. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. BENNETT].

Mr. BENNETT of Florida. Mr. Speaker, I am wholeheartedly in favor of this measure, which I regard as a step forward in budget and appropriation procedures. It is one of a number of changes needed to make it harder to spend and easier to save public funds. This it would do by strengthening procedures by which Congress makes certain that the purposes for which public funds are spent, and the manner in which they are spent are in accordance with the intent of Congress. The bill provides practical, workable controls over carryover balances by subjecting them to annual reviews and by establishing a legal limit on annual accrued expenditures. I hope the bill passes.

(Mr. BENNETT of Florida asked and was given permission to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. MAHON].

Mr. MAHON. Mr. Speaker, this bill, in my judgment, is thoroughly bad. The Committee on Appropriations issued a report in opposition to it under date of March 21, 1957, and 40 Members of the House Appropriations Committee wrote a letter to the House membership giving the reasons why they were against this bill. H. R. 8002 was held out to the Nation as a proposal which would save \$4 billion a year. Naturally, everybody wanted to save \$4 billion. It was more or less on that basis that it was sold to a lot of people in this country who did not have the opportunity to adequately study the situation. It was held out as an easy way to save \$4 billion and put the fiscal housekeeping of the Federal Government in wonderful shape. But we have sought to make it clear there is no easy way to save money; that the only way to reduce expenditures is to reduce appropriations and reduce authorizations for appropriations.

In listening to the radio and television about 10 days ago, I heard a number of university presidents speak, and I was struck by these words of the president of Notre Dame, who said:

I think we have a kind of cult of easiness today. There is an easy way to cook a meal; there is an easy way to drive a car; there is an easy way to get a vacation; there is an easy way to pay your bills; there is even an easy way to save your soul.

This was sold to the American people as an easy way to save \$4 billion. I cannot recall a greater misrepresentation being perpetrated on the American people. I hasten to say that I am in no way questioning the good faith and sincerity of the advocates of the measure. It seems singular that H. R. 8002 has now been repudiated by those here who have

so vigorously supported it. The Wigglesworth substitute would rewrite it from the enacting clause to the end. It no longer proposes the fundamental things which were originally proposed. The efforts of the opponents of the bill have not been in vain. Much good has been accomplished. The Wigglesworth substitute, which is to be before us, does not provide for contract authorizations, as I understand it. The proposal does not require, as I understand it, that there be an accrued expenditure limitation fixed on each appropriation. It merely proposes that the Bureau of the Budget submit to the Congress an accrued expenditure limitation on each appropriation amount for whatever information and use it may be.

It is hard enough to try to accurately determine how much the executive branch of the Government needs for a program. It is doubly hard to try to calculate precisely how much the executive branch will spend in a given year on a program which has been approved and financed by Congress. If we want an additional 100 B-52's, we now provide the funds for that program. We want those B-52's today or tomorrow. We want them as quickly as we can get them and it makes no sense to say that you cannot spend for B-52's in the first year more than a certain portion of the appropriation made for that purpose. We would like for all the B-52's to be procured as quickly as they can be and we do not want to put a lot of additional complications and roadblocks into the defense program.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Massachusetts.

Mr. O'NEILL. The Appropriations Committee makes an appropriation for the Defense Department. The Defense Department puts an item out for bids. The price is low, consequently the appropriation is higher than the price. You then have an unexpended or an unobligated balance. It is my belief, and I think it is the belief of the people who are supporting this legislation, that the effect of this is to prohibit the free use of unobligated balances of prior years' appropriations by the executive; in other words so the unobligated balances cannot be transferred from one purpose to another and to place control back in the Congress. I think that is the argument that was made when this bill passed the Senate unanimously. It passed the Committee on Government Operations unanimously.

Mr. MAHON. We will appropriate this year, let us say, in round figures, for the Air Force, \$6 billion for aircraft and missiles, including ballistic missiles, the IRBM, and the ICBM. These funds cannot be transferred from aircraft and missiles to the pay of the Air Force or research and development or other fields. They can only be used for aircraft and missiles.

Mr. O'NEILL. Or any instances where unobligated funds are transferred.

Mr. MAHON. If we need a certain amount of money for aircraft and missiles, if we approve that program, we

want the aircraft and the missiles as soon as we possibly can get them, and we do not want to try to legislate an estimate of how quickly we can get them. We want them to get them as quickly as they can. They can only spend the money for the purposes appropriated. If they have been successful in saving some funds—but usually the price trend has been upward, not downward—they can buy, instead of 100 ICBM's, maybe 103 ICBM's with the same money, but they cannot depart from the program. This bill is a step backward. It is a bill which, in effect, would enact into law the delivery schedules on defense contracts. This is a step that would really have embarrassed the Government had it been in operation last year. It is thoroughly unsound. It will not save money. A defense official recently said to me: "I do not know how we will be able to find enough accountants to employ if we are going to be required to put into operation this kind of a procedure."

Now, it seems to me that we ought to think very seriously before we deceive ourselves or the public into believing that this proposal will save money. It will cost money. It will tend to slow down programs. It will require additional personnel. It will impair the objective of the defense program in the space age to move more rapidly. And I, for one, would not dare to have my name placed on the record in favor of a bill that would do that sort of thing.

Now, if the Wigglesworth substitute is really what I believe it to be, a repudiation of H. R. 8002, and if the Wigglesworth substitute does not make it mandatory that we place these so-called accrued expenditure limitations in the appropriation bills, then it is not as bad as the original measure. Those who have fought for H. R. 8002 will only have the name and the number left. That is the situation here. Consequently, it seems to me that the amendment which is to be offered by the gentleman from New York [Mr. TABER] will be far the better amendment.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield to my friend, the gentleman from Ohio.

Mr. BROWN of Ohio. On the very point which the gentleman is discussing, the Bureau of the Budget, in referring to the Wigglesworth amendment, said that the draft bill differs from H. R. 8002 chiefly in that it does not involve the use of contract authority, so that it would not involve the problem the gentleman has discussed. That was accepted as a compromise to get away from the very criticism that the gentleman made before our committee.

Mr. MAHON. One of the worst things in H. R. 8002 is the contract authority feature—but it is tied directly to the accrued expenditure idea. As it is now, we generally appropriate the full amount of money for an item at the outset. We will have under H. R. 8002 the same carryovers of balances that we now have, and if as contended, we have lost fiscal control, we will continue to lose fiscal control. Now, contract authority, the most controver-

sial thing, is not in the Wigglesworth substitute. But, in addition to eliminating contract authority, as I understand the Wigglesworth amendment, it does not require that the Congress fix a limitation on each appropriation as to how much of it can be spent in a particular year, and if we give officials of the Department of Defense \$2 billion to buy ballistic missiles, they can spend \$2 billion within the next 3 weeks if they are able to get the missiles. The purpose of appropriating defense funds is to achieve the objective as soon as we can. Why hobble the defense people to whom we have assigned the job of making these programs work? We do not want to slow down these defense programs. We want to expedite them.

Mr. O'NEILL. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. BROWN].

The SPEAKER. The Chair would like to ask now for his own convenience whether all the time is going to be used on both sides?

Mr. BROWN of Ohio. Mr. Speaker, I have only one further request for time and a request for an extension.

At this time, Mr. Speaker, I yield to the gentlewoman from New Jersey [Mrs. DWYER] such time as she may consume.

(Mrs. DWYER asked and was given permission to revise and extend her remarks.)

Mrs. DWYER. Mr. Speaker, I desire to associate myself with the persuasive arguments being made here this afternoon by the proponents of the pending legislation, H. R. 8002.

Three fundamental and compelling reasons have led me to support this bill:

First, no one—not even the most dedicated opponent of the bill—disagrees with the purposes of the legislation, which as I understand them are to make more understandable the whole budget and appropriation process, to permit greater congressional and Executive control over expenditures, and to make possible whatever savings and economies might be realized from a reduction in the sizable carryovers of appropriated funds.

Perhaps too much has been claimed for the bill as a means of great savings. But, whether it saves a nickel or a billion dollars, the bill is eminently worthwhile simply because it will make clearer to taxpayers just why their money is needed and how it is being used.

Second, seldom if ever has a legislative proposal received such careful scrutiny, enthusiastic endorsement, and active support from so many Government officials and private citizens of acknowledged authority and experience.

How thoroughly must a bill be studied? How overwhelming must be its support? The proposal embodied in H. R. 8002 was recommended as a keystone of their comprehensive plan to modernize Government finances by the distinguished members and the expert task forces of the Hoover Commission. It was endorsed after considerable study by the President of the United States, the Secretary of the Treasury, the Director of the Budget, and the Comptroller General. It was approved unanimously, in

even stronger form, by the Senate of the United States—a body of citizens not noted for their rashness. And it was recommended, again unanimously and again after much study, here in the House by the Committee on Government Operations. And it has the active support of millions of thoughtful men and women in every congressional district in the country.

Mr. Speaker, it has never been my practice, and I am not starting now, to take a position by counting noses. But neither have I opposed legislation just because everyone else was for it.

Third, and finally, I support this bill because its opponents have failed to advance a single substantial objection. It has been said of the bill that it is experimental, that it might not be necessary, that some of its purposes can be achieved under present statutes, that the 2-year initial life of the bill is too brief, that not all Government agencies are presently prepared to put into effect an annual accrued expenditures system, and so on.

Opponents would wait, that is, for a sure thing in an ideal world.

Mr. Speaker, it has been said of this bill that to be for it is to be against sin and for motherhood. I agree. But let me add this observation: To be against this bill is not only to be for sin and against motherhood; it is to fly in the face of the accumulated wisdom and experience of more good and knowledgeable men than we can count.

We have reached a point where an "aye" vote on this bill is long overdue.

Mr. BROWN of Ohio. Mr. Speaker, before I yield to the concluding speaker, I should like to point out to the House that it is a rather peculiar situation in that our committee, the Committee on Government Operations, is being attacked for accepting a compromise bill, and is being charged with giving away our original bill, while at the same time the gentleman from New York [Mr. TABER] who says that the bill is no good, is offering an amendment. So we shall have the choice between two amendments each of which one side or the other says is no good. But I think we do have one good amendment to offer.

Mr. Speaker, I yield the balance of the time on this side to the gentlewoman from Illinois [Mrs. CHURCH].

(Mrs. CHURCH asked and was given permission to revise and extend her remarks.)

Mr. BROWN of Ohio. Mr. Speaker, will the gentlewoman yield?

Mrs. CHURCH. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Mr. Speaker, there has been inquiry as to where the Wigglesworth amendment or proposal can be found and read in full. It appears at page 3006 of today's CONGRESSIONAL RECORD.

Mrs. CHURCH. Mr. Speaker, at long last, there has been brought to the floor today one of the most significant bills ever introduced in the Congress. H. R. 8002, in its original form, is identical to the bill which I myself introduced for the same purpose, H. R. 3961. This legis-

lation has already passed the Senate on June 5, 1957.

I rise, therefore, to express my full support for the measure and to urge the House to pass it by an overwhelming vote.

Mr. Speaker, the need for this legislation has long been apparent. It is to the Hoover Commission, however, set in being by the Congress, that we must express our gratitude for their investigation of the need and for the magnificent effort that they have unceasingly made to alert the American people to the necessity for taking this essential step for the establishment of efficiency, economy, and, in fact, commonsense in our system of budgeting and appropriating.

The public appreciation for the work of the Commission and the general public respect for its recommendations has been evidenced, day by day, as mail has continued to pour into congressional offices demanding implementation of all the major commission recommendations and particularly passage of H. R. 8002.

In essence, this legislation recognizes the fact that the Congress has indeed lost control over the annual spending of government departments and seeks to reestablish in the hands of the Congress the necessary annual review and reappraisal of government programs and spending.

It is my understanding that an amendment will be offered on the House floor today by the gentleman from Massachusetts [Mr. WIGGLESWORTH], which the Bureau of the Budget thinks will make the measure more operable and which has the support of the Citizens Committee for the Hoover Report. I personally regret that any amendment of H. R. 8002 is deemed necessary. I hold that its provisions set forth the clearest method for obtaining full control of the Federal purse-strings through the system therein provided for, an annual review of Government spending and annual appropriation. It is significant that the other body passed this bill without amendment.

However, I would point out that the Wigglesworth amendment certainly answers and should remove the fears of the gentleman from New York [Mr. TABER].

The main importance, however, is that H. R. 8002, with or without this amendment, pass the House overwhelmingly as indication of the intention of the Congress to reassume its historic role and responsibility as the guardian of the taxpayers' money.

Effective control over Government expenditures, either by the Congress or by the executive branch, has been lost. Although many improvements have been made in budgeting and accounting methods since 1945, there still remain weaknesses and defects which must be eliminated to insure that each of the programs carried on by the Federal Government is so administered as to result in the greatest degree of effectiveness at the lowest possible cost to the taxpayer.

Inasmuch as the Congress has the responsibility for deciding which programs and activities the Federal Government shall undertake and for appropriating

moneys therefor, it is imperative that the Congress also have complete information concerning the administration and cost of the programs at each step. Congress must also, each year, reexamine their effectiveness, as a basis for its decisions for their continuation. It is the duty of Congress, based on its responsibility to the electorate, to promote efficiency and economy in Government operations—in fact, to insist upon it.

The problem of achieving such efficiency and economy is indeed a difficult one, but it can be solved. We did succeed in establishing cost-accounting in government through Public Law 863 of the 84th Congress: we need H. R. 8002 to complement this improvement. H. R. 8002 would strengthen the entire budgetary process within the Federal Government and would provide the needed basis for control over actual costs of operations and programs. At present, appropriated but unspent carryover balances are estimated to have reached the staggering figure of \$70 billion, almost equal to the present annual budget. H. R. 8002 would prevent such huge carryover of unrecapturable funds which has made Government accounting and appropriating so difficult a task in the past years. It would halt the unnecessary and unwise spending which currently is increasing our national debt.

Today, appropriations which Congress enacts each year are intended to control not annual expenditures but the level of obligations which the agencies may incur, sometimes over several years. Therefore, although Congress and the executive branch may control the total level of payments over a period of years for a certain program, the payments are not effectively controlled annually. Large balances of unexpended appropriations are thus available to the agencies for disbursement purposes without further action of Congress. Such a process involves limitless opportunity for waste and inefficiency through the continuation of programs outmoded, outgrown, or even proven never to have been wise or necessary or well-executed.

It is clear that direct and effective control over the expenditures of the Federal Government requires the revision of the present basis of granting and controlling appropriations. The integration between budgeting and accounting information which is utilized by most successful businesses as a basis for management decisions must be made available to Congress.

Under H. R. 8002, the continuation of programs will have to be justified annually before additional funds will be granted. The Nation, and the Congress itself, will know where we are going and what we are spending each year. We will be able to strike a balance sheet of our assets and liabilities and know whether or not we are solvent.

Congressional control of spending under an effective budgetary process, such as H. R. 8002 seeks to provide, will not only result in making Government activities more effective, but will certainly make a substantial tax reduction a reality. The people of the Nation demand

economy and efficiency in Government operations, the elimination of unnecessary programs, and relief from the heavy burden of taxation. It is incumbent upon the Congress to take the necessary steps, through passage of H. R. 8002, to fulfill its responsibility to those who bear the huge and burdensome cost of Government.

Mr. O'NEILL. Mr. Speaker, I yield such time as he may desire to the gentleman from Wisconsin [Mr. REUSS].

Mr. REUSS. Mr. Speaker, I favor the passage of H. R. 8002 to place Federal budgeting and appropriations on an accrued expenditures basis. I introduced a bill, H. R. 4117, which would produce this effect but I support the Rogers bill which represents the composite thinking of the Committee on Government Operations of which I am a member.

The basic principle involved here is finding a way to bring annual expenditures more into line with annual appropriations. There is no more important function that we as Members of Congress perform than enacting the fiscal legislation to keep the wheels of our vast Government moving. We should at all times be perfectly clear in our own minds what the effect of our actions will be. Considering the billions of dollars involved and the complexity of governmental organization, such clarity is not easily obtained. This instrument or method that we have under consideration today will help provide that clarity. It has proved very useful in the business world and should make a contribution to more efficient governmental administration.

I am informed that an amendment is to be offered to meet the objections of some Members to the necessary grant of contract authority. I have studied the amendment by Mr. WIGGLESWORTH and believe it will meet the objections and preserve the basic principle of the bill. The limitation on annual accrued expenditures which the amendment will provide would have substantially the same effect as we sought in H. R. 8002. The Congress would obtain complete information on the amount of funds to be expended in the fiscal year for which the appropriation is made. Any excess over the limitation would lapse and be returned to the Treasury. Each year the total inventory and resources of a department or agency must be considered in making the appropriation and the Congress can review and control the appropriation as it has not been able to do heretofore.

I believe we are taking an important step toward greater efficiency and economy in government and I hope the bill, as amended, will pass.

(Mr. REUSS asked and was given permission to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I yield such time as he may desire to the gentleman from New Jersey [Mr. DELLAY].

Mr. DELLAY. Mr. Speaker, in this era of heavy Federal spending, with taxes absorbing 30 percent of the Nation's total income, it is more important than ever that we insist on sound, effective management of Government funds.

After all the individual citizen is the Federal Government's primary source of income. When Congress considers a budget of nearly \$74 billion, as we are today, this is the people's money. They have a stake in how it is spent, who spends it, and what it is spent for.

Sometimes we lose sight of this fact. Too often we tend to forget the taxpayer once he has paid his tax—the truth is that our responsibility has just begun. This responsibility for seeing that our tax funds are well and wisely spent goes on the whole year through and is especially important in these days of world crisis when our defense capability has been put to a stern challenge by Communist achievements.

Our task is to provide every cent that a stepped-up defense program requires. At the same time we must guard against the dangers of further inflation. To do this, we must guarantee a dollar's worth of results for every dollar spent—in defense and all other Federal programs.

Yet, as I am sure you are aware, there is evidence of waste, duplication, and extravagance in many Federal activities. The bipartisan Hoover Commission, which was created by unanimous action of Congress, produced ample proof of the need for strengthening and streamlining our governmental processes. And the Commission pointed out that Congress lacks the tools it needs to choke off this drain of Federal funds. The Commission said specifically that Federal budgeting procedures are antiquated, cumbersome, and, frankly, leaky.

The economy drive of 1957 is a good example. You remember how we in Congress pared billions from the 1958 fiscal budget. We all thought that these efforts would reduce Federal spending. Now we know that we failed even to slow down the rate of spending. In fact, at last report Government agencies were spending at a rate of nearly \$73 billion a year, and that is even more than the administration asked for in the first place.

This incredible situation has opened a lot of eyes in Washington. The explanation is simple: Government agencies were able to continue spending at a high clip because they were holding billions in carryover funds, which is unspent money from previous budgets.

How can that happen? Well, under the present system, when a Government agency presents plans for a long-range project that takes years to complete, we appropriate in advance all the money needed to pay the entire cost. This is called lump-sum appropriation. Once they have the money, the agencies have no further obligation to report back to us on the way in which it is being spent.

Yet in these changing times Federal programs are often modified, or even canceled, leaving the unspent funds at the disposal of the agencies. The Hoover Commission estimated the total of these carryover funds at \$70 billion, a sum nearly equal to a full year's Federal budget, and we have no present means of controlling the use of these funds.

There is now before us a bill, based on the Hoover Commission's recommendations, which would place Federal budg-

eting on a more businesslike basis. It provides for what the Hoover Commission calls annual accrued expenditure budgeting. This bill insures that spending programs would be reviewed once a year and that the Government would pay once a year only for the goods and services actually received in that year. It means that Congress would automatically receive a full progress report on what has been spent, what we have received for our money, and what it will cost to continue the program.

That makes a lot of good sense to me and to many other Members of Congress who also spend hours digging through old records trying to track down information that should be submitted to us at regular yearly intervals.

Every housewife knows that she cannot set up an effective budget if she does not know what the family income is being spent for or how much is tucked away in hiding places around the house. The same thing applies to every office and place of business. If you cannot keep track of your money, your budget is a waste of effort.

That is the predicament of the Federal Government. Our budgeting methods have failed to keep pace with the times. Budgeting was a fairly simple task when the Government was spending \$10 billion or \$20 billion yearly. It is anything but simple in these days of tremendous expenditures. Moreover, legislative control of the governmental purse strings is one of the fundamental principles of any free, self-governing nation.

This situation can be corrected right now. Legislation embodying the provisions of this bill passed unanimously by the Senate. The bill has been approved by the House Committee on Government Operations and the House Rules Committee. It awaits only a vote of the House itself. Our responsibility to the taxpayers is obvious. We must pass H. R. 8002.

(Mr. DELLAY asked and was given permission to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Speaker, H. R. 8002 is reported by the Committee on Government Operations as part of its continuing efforts to make the Federal budget process operate more effectively and to assure congressional control of appropriated funds.

This bill provides for the making of budget estimates and appropriations on an accrued expenditure basis. It carries out one of the principal recommendations of the Hoover Commission on Organization of the Executive Branch of the Government as contained in its report on budget and accounting.

The bill expresses the policy of the Congress that estimates of proposed appropriations be determined on an "annual accrued expenditure" basis, as regards payments authorized by law to be made in a fiscal year. The bill prohibits the total of any appropriation combined with such contract authority and accrued expenditures under any other appropria-

tion from exceeding the total amount previously authorized for such purpose.

The real purpose of this bill is to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carry-over balances of appropriations from 1 fiscal year to another, and to bring about economy in Government expenditures. I believe this bill will improve management, will give more facts, and provide more strict control to Congress and actually bring about more businesslike procedures in the running of our Government.

Congressional control of cost and expenditures can only be achieved by the maximum utilization of many tools. The stating of appropriations on an accrued expenditure basis can be made a very important tool for the Congress if effectively installed.

I believe that the flexibility given to the President is desirable. The proposal for an annual accrued expenditure budget would assure annual review of past and proposed performance under long-lead-time contracts. That this is important is indicated by the statement of the Director of the Budget in October 1953 that as of July 1, 1953:

Eighty-one billion dollars of unfinanced appropriations existed as a claim against current and future income or borrowing. The contracts and commitments made as a result of these appropriations became in effect c. o. d. obligations against the Government.

For all of these reasons I have come to the conclusion that this proposed legislation, if effectively implemented, would provide both the President and the Congress much greater control over Federal expenditures and strongly recommend its favorable consideration and passage by the House.

(Mr. SPRINGER asked and was given permission to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I yield the remainder of the time to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, we are presented today with a proposition that is about as complicated as the House has ever been called upon to consider. I know everyone is seeking to do the thing they think will be in the best interests of the country and the best interests of economy in expenditures. I do not know how other Members are, but I do not think I have ever been as much confused about anything presented to this House as I am about this. Unless somebody can give us an explanation of what we are going to consider today, I am certainly not going to be in a position to vote intelligently either way. From the smiles I see on the faces of Members around here, I think I am not alone in that situation. I believe everybody in this House has the greatest respect for the Hoover report and the great amount of work that was done on it. We want to implement the Hoover report wherever it is practical to do it.

We have equal respect for the hard working and very experienced Committee on Appropriations, who, after all, are going to have to deal with the technicalities of this situation when you pass

this bill. I think everyone wants to give due consideration to the views of those people. This is a very technical situation dealing with the whole financial situation of this great Government of the United States. I have taken the floor, Mr. Speaker, just because I wanted to have the attention of the gentleman from Ohio. I know we all want the proper solution of this difficult problem. But, here we come with a bill that has been reported from the committee and at the last minute this morning, we are confronted with a complete substitute for that bill. Now that bill was complicated enough after we had read the reports and the bill and tried to understand what it was about. But, I do not know how we are going to be expected to understand a bill that we never heard of until this morning on the same complicated subject. Then, as I understand, we are going to be presented with an amendment by the gentleman from New York [Mr. TABER], which will further modify or change the theory of this whole complicated situation. Now I am just wondering about this situation, and I think we ought to know it now before we spend the day uselessly discussing a proposition so that we are going to wind up with nobody knowing anything—I am wondering if the gentleman from Ohio, who I know has given much time and attention to this subject is able to tell us succinctly and in a few words and in a little time—what is the difference between the three separate and distinct bills that are being presented to us this morning. Although the gentleman from Ohio by reason of lack of time was unable to yield to me to answer this question some time ago, I have taken this time in order that I might propound a question to him and to yield to him in my time, if he can give us the answer to the question: What is the difference between the three bills we are going to be called upon to vote on today?

Mr. BROWN of Ohio. First of all, I will say that in my opinion the Taber amendment would provide two things. First, it would authorize the Committee on Appropriations of the House to do that which it is already authorized to do, with one exception. It would be authorized to bring in rescinding measures, that is, to rescind appropriations previously made, which result in these huge carryovers, without applying for a rule from the Committee on Rules or running into the danger of a point of order being made against such a rescission. The amendment by the gentleman from Massachusetts [Mr. WIGGLESWORTH] would provide as follows.

Mr. SMITH of Virginia. If the gentleman will wait just a moment, let us attend to the amendment to be offered by the gentleman from New York [Mr. TABER] first. Is his amendment to be an amendment to this bill?

Mr. BROWN of Ohio. As I understand it, it is a substitute for the original bill.

Mr. SMITH of Virginia. Is it a complete substitute for the committee bill?

Mr. BROWN of Ohio. It would be an amendment for the original bill—yes—or a substitute.

Mr. SMITH of Virginia. Is the rest of the bill to remain intact?

Mr. BROWN of Ohio. No, no, the amendment would strike out the original bill, H. R. 8002.

Mr. SMITH of Virginia. In other words, it is a substitute.

Mr. BROWN of Ohio. A substitute amendment.

Mr. SMITH of Virginia. It is a substitute bill?

Mr. BROWN of Ohio. Yes, virtually so.

Mr. SMITH of Virginia. It is a complete substitute?

Mr. BROWN of Ohio. It is an amendment striking out all after the enacting clause and inserting the language of the amendment.

Mr. SMITH of Virginia. That is all.

Mr. BROWN of Ohio. With reference to the Wigglesworth amendment, it would strike out all after the enacting clause and include a rewriting of the bill, H. R. 8002, so as to meet some of the criticisms that have been made since the bill was reported, but it would carry out practically all the purposes of the original bill and practically all the features of it.

Now here is an analysis of it. The Wigglesworth bill, or the draft bill, differs from H. R. 8002 chiefly in that it does not involve the use of contract authority. H. R. 8002 did. It accomplishes the main purpose of H. R. 8002 by requiring congressional control of accrued annual expenditures resulting from obligations incurred in both current and prior years. The establishment of such a limitation by the Congress would automatically entail the annual review of continuing appropriations which the Hoover Commission strongly recommended.

Instead of making appropriations in terms of accrued expenditures, as contemplated by H. R. 8002, the amendment uses the existing method of making appropriations but provides for establishing a legal limit on annual accrued expenditures under such appropriations. Consequently, the amendment would not eliminate carryover balances of appropriations; it would, however, entail an annual review of those balances, and would subject them to continuing congressional control. Although there would be no carryover balances of appropriations under the original version of H. R. 8002, there would be carryover balances of contract authority. That is an analysis that has been prepared by the Bureau of the Budget itself as to the effect of the bill.

Mr. SMITH of Virginia. Has the Wigglesworth bill ever been considered by your committee?

Mr. BROWN of Ohio. Oh, yes. Our committee unanimously agreed to accept it as a substitute.

Mr. SMITH of Virginia. Since the bill was reported?

Mr. BROWN of Ohio. Oh, yes.

Mr. SMITH of Virginia. When did that happen?

Mr. BROWN of Ohio. Today. This morning. After we had an agreement with everybody concerned, except certain members of the Appropriations Committee, that this would carry out the purpose and intent of H. R. 8002.

Mr. SMITH of Virginia. Do I understand the gentleman to say that his committee met this morning?

Mr. BROWN of Ohio. Oh, it has been under constant discussion for several weeks.

Mr. SMITH of Virginia. I asked the gentleman a question. Do I understand that your committee met this morning and approved the Wigglesworth amendment?

Mr. BROWN of Ohio. Agreed to accept it as a substitute.

Mr. SMITH of Virginia. Agreed to accept it as a substitute. So that we are not considering the original bill?

Mr. BROWN of Ohio. We are considering the original bill until the substitute is accepted.

Mr. SMITH of Virginia. But what your committee is doing is asking us to pass the Wigglesworth bill?

Mr. BROWN of Ohio. Yes. That will be explained by the manager of the bill on the part of the committee.

Mr. SMITH of Virginia. I thank the gentleman.

I yield back the remainder of my time, Mr. Speaker.

(Mr. MORANO asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. MORANO'S remarks will appear hereafter in the Appendix.]

Mr. O'NEILL. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. FASCELL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 8002, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Florida [Mr. FASCELL] will be recognized for 90 minutes, and the gentleman from Michigan [Mr. HOFFMAN] will be recognized for 90 minutes.

The Chair recognizes the gentleman from Florida.

Mr. FASCELL. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. FLOOD].

Mr. FLOOD. Mr. Chairman, I would like to read an announcement that just came over the ticker from Cape Canaveral, Fla.:

The Army launched a second Explorer-type satellite with a Jupiter-C rocket today.

The 70-foot launching rockets were identical.

The new satellite vehicle, like the one that preceded it, was a metal tube more than 6 feet long and 6 inches in diameter.

It streaked skyward as a twin to the Explorer "Moon" and as a traveling companion to the Soviet Sputnik II, both now orbiting the earth at about 18,000 miles per hour.

As with the first Explorer, the Army planned to let the world know within 2 hours whether its newest space vehicle had attained the minimum of 200 miles of altitude and the speed it must have to stay aloft for long.

Mr. FASCELL. Mr. Chairman, I yield myself 15 minutes.

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, I assure you that I am not unmindful of the position which I am now taking. I am very happy to have the privilege on behalf of the Committee on Government Operations which has been studying the matter, which will be considered by us, for a number of years. I trust that I shall make the explanation satisfactory to your judgment and that you will support the measure which is before the Committee.

We have before us for consideration the bill H. R. 8002, to improve methods for stating budget estimates and estimates for deficiency and supplemental appropriations.

The bill is brief, but its purposes are very worthwhile in achieving important and vitally necessary reforms in our budgeting procedure.

There are two primary purposes, as I read the bill: One, to submit proposed appropriations and have the budget so reflect on an annual accrued expenditure basis; and, two, make it possible for the Congress to fix the limit of expenditures on an annual accrued expenditure basis.

At the present time estimates for appropriations are presented and appropriations of funds are made to cover the goods and services to be ordered in the budget year regardless of whether such goods and services are to be received or paid for in the budget year or in subsequent years. Congress appropriates the entire sum in 1 year for a program which may require several years to complete. At the time goods or services are ordered an amount is obligated or reserved in the proper appropriation account to pay the vendor when such goods or services are received. In long-lead-time procurement programs several years may elapse between the time of order and the time the goods are delivered.

The bill would change this practice so that estimates for appropriations and appropriations would be set forth in such a way as to segregate:

(a) The appropriation of funds needed in the budget year to cover the goods and services to be received in that year; and

(b) Where needed, the authority to enter into contracts and orders for goods and services to be delivered in future years.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the distinguished gentleman from Virginia.

Mr. SMITH of Virginia. I wanted to ask the gentleman if he is addressing his remarks to the bill H. R. 8002 or to the proposed substitute to be offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. FASCELL. I will make that quite clear, sir, as I go along. I am speaking first to the bill H. R. 8002.

Mr. SMITH of Virginia. The gentleman is talking to the bill.

Mr. FASCELL. I am.

Mr. SMITH of Virginia. But I understood you had abandoned the bill.

Mr. FASCELL. I have not abandoned anything, sir. We will discuss that when we get through with the bill.

Mr. SMITH of Virginia. The gentleman from Ohio [Mr. BROWN]—

Mr. FASCELL. Mr. Chairman, I do not yield further.

At the moment I am discussing the bill H. R. 8002. Afterward I will discuss the amendment.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Let us set the RECORD straight. The gentleman from Ohio never said that we had abandoned anything. I said that our committee had agreed to accept the Wigglesworth amendment as a substitute. We believe it is, perhaps, a better bill in many ways than the other and meets the objections that some of the people on the other side have made to the bill.

Mr. FASCELL. Mr. Chairman, I shall continue to discuss the bill, in order to point out the differences between all of the proposals which will be before this body. So I continue to confine my remarks to the bill H. R. 8002 as reported out of the committee.

The bill would change the present practice so that estimates for appropriations and appropriations would be set forth in a way so as to segregate the appropriation of funds needed in the budget year to cover the goods and services to be received in that year and, where needed, the authority to enter into contracts and orders for goods to be delivered in future years. The distinction there is very clear between the present system of lump sum appropriations without regard to the year within which the goods or services are to be received, and, the proposal under H. R. 8002 which would provide the funds necessary for a budget year for goods and services to be received in that year and the authority to enter into contracts for those to be received in future years.

Specifically, the bill would make changes in the Budget and Accounting Act of 1921, which is the legislative act and which appropriately comes before the Government Operations Committee. Budget reforms have been under consideration and review for many years, dating back to the time when we first adopted a budget and I trust will be under consideration and review for many, many more years to come as we progress, and changes make it necessary to consider revisions in the budget and accounting procedures of the United States Government.

So, let us examine the bill then very briefly, but yet specifically with respect to the provisions in the bill.

Mr. Chairman, the Budget and Accounting Act of 1921 would be amended so as to state a declaration of policy on the part of the United States Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis. At the present time we operate on a checks issued basis. On the accrued basis we would report for those goods and services on which we are actually obligated within the fiscal year without regard to whether or not a check was issued.

We then legislate affirmatively in the bill that such is to be the case, that is, that to the maximum extent deemed desired and practicable by the President, the appropriations would be determined on an annual accrued expenditure basis.

Then the bill defines annual accrued expenditures to include goods and services received in the fiscal year, and, mind you, because this question has been raised many times, advance payments, progress payments and such other payments as are authorized by law to be made in that fiscal year. The Appropriations Committee is given all kinds of flexibility if it desires to use it.

The bill provides certain exceptions to this theory because these are appropriations which would be fixed by law and would require a change in the substantive act to change it, such as pensions. It also excepts obligations fixed by treaty. Then the bill also provides for discretion in the President to implement this type of budget in such manner and at such time as he would determine. This allows further flexibility because it is understood there would be more difficulty for some departments to go on this basis than others.

So, we leave discretion in the President to do that.

Then the bill provides for the lapsing of excesses that remained at the end of the year, after applying the credits of actual expenditures in that year. It also provides that any balances of the appropriation would merge in the same account for the next year, so that you would not have two accounts. The bill specifically provides that it would be on a single account.

Then the bill, in the second section, provides for contract authority in the appropriation bill for projects and programs. Obviously some programs would go on beyond the budget year. There again I want to point out the principal distinction is that under the present system we appropriate a lump sum for the whole project no matter how long it is going to take. Under the proposal in the bill, we would appropriate the money for the fiscal year; we would authorize the contract authority for the additional years, which would require them, of course, to come back and get appropriations for each ensuing year. This is where the objection comes in by some people, because they do not like that process.

Then the bill goes on and makes it in order for legislation in appropriation bills to provide for contract authority

so that it would not be subject to a point of order.

And finally the bill has a limitation date which is set at July 1, 1961, for the very practical reason that it would be limited to this administration. The program was requested by this administration. The limitation runs it over 6 months into the next administration, no matter who it is, and would give that President an opportunity to determine whether or not he wanted to continue on it or whether he wanted to make any further recommendation to the Congress of the United States.

Now, I have heard all kinds of specters drawn across this bill. I do not doubt anybody's sincerity and I do not think in my own mind that anybody doubts my sincerity, so I am willing to put all the facts on the table and let good judgment decide what shall be done. And, I am willing that others do the same and remove any so-called exaggerated claims from the legislation and stick to the basic facts as presented.

Mr. BAKER. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Tennessee.

Mr. BAKER. What effect would the legislation have on existing appropriations like projects that extend for another year or two? Would it cut that money off?

Mr. FASCELL. They would be cut off and they would have to be renewed by the Committee on Appropriations, if they do not come within the limitation.

Mr. SHEPPARD. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from California.

Mr. SHEPPARD. I would like to ask the gentleman, because of the time he has spent on this issue, whether or not in his opinion it is going to in any manner disturb what the Founding Fathers had in mind as to the proper exercise of authority by the House of Representatives—that is, the control of the purse strings—because in your statement you definitely made the assertion that you were giving, as compared to the present situation, exaggerated authority to the President. Is my interpretation of the gentleman's statement a proper one or an improper one?

Mr. FASCELL. It is an improper one, sir, because in my opinion, under the bill, we give to the Congress greater control over the legislative expenditures, and I will go into that if the gentleman will allow me. It does not give exaggerated authority to the Executive Branch. As a matter of fact, that is the problem we are trying to correct. As it is now, the Bureau of the Budget and the President determine the rate of expenditures without relationship to any budget action by the Congress of the United States. This is one of the main reasons for the legislation.

Mr. ANFUSO. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from New York.

Mr. ANFUSO. I wish to congratulate the gentleman for making such a fine statement and for the fair attitude

which he has assumed. There has been some talk here about saving billions of dollars. Would the gentleman please enlighten me on that?

Mr. FASCELL. Well, I personally have no knowledge of this. I have to rely on the authority of other people with respect to this. Frankly, I am willing to approach it from two standpoints: I believe in the accrual system of accounting primarily, because you have then a cost-performance budget; and, secondly, I believe in the control it will give the Congress of the United States; and, thirdly, I believe it will present a proper picture to the American people who now are misled by the fact that we appropriate X number of dollars for a given year in a budget and it has no relationship whatever to the amount of expenditures by the Federal Government. I think these things will be accomplished. They are worthy unto themselves. However, to answer the gentleman specifically, I would like to quote the testimony of somebody else, and I yield to the gentleman from Florida [Mr. ROGERS] for the purpose of answering the gentleman's question.

Mr. ROGERS of Florida. I thank the gentleman. Actually, the question was, Do you feel that this type of system will save any money?

Rather than give an opinion we felt it would be best to take the word of the Comptroller of the Defense Department, Mr. McNeil. In his testimony before the Government Operations Committee of the House he stated the following at page 284. I was questioning him. I said:

I thought you had given examples of better management, for instance, in the Army, under this accrual system, where you said you saved about \$2.5 billion.

Mr. McNeil answered:

That is getting back to human nature working for us, because no one can take anything off of the shelf, today, unless it is charged to today's operations and today's budget.

I stated to Mr. McNeil, the Comptroller of the Defense Department— which is really your accrual system working in your Department; is it not?

And Mr. McNeil answered:

Yes, sir.

He said that the accrual system is really being worked in the Department of Defense. I stated:

Which brought about better management.

And Mr. McNeil said:

As a matter of fact, it forces the accrual principle into effect.

I stated:

That saved, you estimated, about \$2.5 billion in the Army alone?

Mr. McNeil said:

It is up to \$3 billion now.

And I stated:

I think that is very encouraging, and I am delighted to hear that.

Mr. FASCELL. I thank the gentleman from Florida [Mr. ROGERS] and I thank the gentleman from New York [Mr. ANFUSO] for raising the question, because

that question has been dragged across here a great many times, about exaggerated claims, and I would not want to have any exaggerated claims. But there is the testimony of the Comptroller of the Department of Defense, and what he says the savings are in only one department, the Department of the Army. He says that now, under the accrual system, it is \$3 billion. I do not want to argue with the gentleman; I leave that to somebody else. I shall accept it on that basis.

Mr. SCRIVNER. Mr. Chairman, will the gentleman yield at that point?

Mr. FASCELL. I yield to the gentleman.

Mr. SCRIVNER. If I understand it correctly, we are talking about two different things. Mr. McNeil was talking about a system of accrual accounting. He was talking about those portions of military operations which have been placed in industrial funding. That has nothing whatsoever to do with the budget as we are now talking about it. It is a system of accounting. We industrialize many of the funds, and we are industrializing more. That is what he was referring to, I am quite sure, when he talked about the savings that he had made in the Department.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield so I may answer the gentleman from Kansas?

Mr. FASCELL. I yield to the gentleman from Florida.

Mr. ROGERS of Florida. If the gentleman will check the hearings of the Appropriations Subcommittee on Defense of last year, he will find that the Defense Department submitted a report on what it was doing and said that that system was being used.

Mr. SCRIVNER. They are still funding and putting in capitalized structures.

Mr. ROGERS of Florida. And they stated that it is being done on the accrual system.

Mr. SCRIVNER. They are talking about something entirely different from budget preparation. They are talking accounting analogous to a business operation. They are talking about many things; the repair plants, and so forth, that are purely business operations.

Mr. ROGERS of Florida. And if the gentleman will check the hearings, the report shows that the Army has already moved into the accrual system and has such an accrual system.

Mr. SCRIVNER. I have been working on the Committee on Appropriations for only 12 years, so there are many things I do not know. But I do recall these particular industrial funding operations.

Mr. ROGERS of Florida. Mr. Chairman, I can only quote the language used, that it is an accrual system, where the Comptroller says that they were taking off the shelf exactly what they were using today. That is the accrual system. With reference to the industrialization of operations, that is exactly what we are talking about, the accrual system that we want to put into effect.

Mr. FASCELL. I thank the gentleman for that explanation.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman.

Mr. FORD. Mr. Chairman, I want to reemphasize and reiterate what the gentleman from Kansas [Mr. SCRIVNER] said Mr. McNeil was talking about. Those are operations where we have instituted industrial funding at a base or a powder plant, or some other facility that could be run on an individual basis as a business-type organization. This proposal is aimed at making a complete change as far as the Department of Defense is concerned in a multitude of totally different programs. There is quite a difference.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield for a brief answer to that comment?

Mr. FASCELL. I yield to the gentleman.

Mr. ROGERS of Florida. Mr. Chairman, I would like to say that the Army, in its report to the Committee on Appropriations at page 177 of its hearings last year stated that in the Army the new system provides that accounting records be maintained on an accrual basis reflecting the application of goods and services to operations as consumed and used. The gentleman is exactly right, that they are moving into this process slowly, and the examples he has given are the ones that the Comptroller has used showing that accrual accounting has resulted in savings estimated at \$3 billion.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Texas.

Mr. MAHON. It is true that accrued accounting will work and has its place in the operation of the departments, and no one has any objection to their using these procedures. What they are doing on many of the supplies which are put into what is called the stock fund, is this—the services have to buy these items, they have to pay appropriated dollars, and it is a good business operation. The stock fund program has been in operation for a long time and it is doing a good job and saving money. It is the type of thing that can be done in some areas and is being done in the Defense Department. This is not accrued accounting; it is a financing technique. But the proposal before us is an entirely different sort of proposal which would relate to buying ballistic missiles, for example, on a limitation of expenditures basis as though we were not going to need all the missiles tomorrow, or just as soon as we could get them.

Mr. FASCELL. I thank the gentleman for the observation, and a fair observation, that the accrual system works, because I agree with the gentleman. I think it does work. I think we ought to continue to adopt it. I would remind the committee that in the legislation there is a provision that the amount of the proposed appropriation shall to the maximum extent deemed desirable and practical by the President be on an annual accrued-expenditure basis. If that is not

a safety valve I never heard of one. He can submit it if he deems it to be desirable and practicable. I do not know how you can better write it to get the kind of safety about which you are talking.

Further I would make this additional point. Talk about buying 102 ballistic missiles in 1 year, if you can do that, go ahead and do it. What you have to do is appropriate the money to buy them and make all of the money available in the fiscal year you want it available.

Mr. MAHON. The point is that there are changes. You may think today that you can get only so many ballistic missiles in the next 12 months, but if certain changes go through and they occur in the current fiscal year, you can expedite your program; but if you have that limitation in the law, then you are stuck with it. It makes no sense.

Mr. FASCELL. I agree with the gentleman on the last part of the statement. I do not agree you would be stuck with it. I agree there is flexibility in this provision if you desire to use it to allow you to take advantage of a breakthrough, because not all programs are going to arrive at the same point at the same time. You can transfer them now.

Mr. MAHON. Is it not true that under the proposed Wigglesworth substitute—and the gentleman from Massachusetts [Mr. WIGGLESWORTH] is one of the very few members of the subcommittee who did not sign the letter in opposition to H. R. 8002—there is no mandatory requirement that would fix any limitations on expenditures, in an appropriation bill?

Mr. FASCELL. There is a requirement that the President submit his budget in such a manner, and an expression of the Congress that funds be so appropriated.

Mr. MAHON. I wish the gentleman would read that explanation and explain why it is not true.

Mr. FASCELL. I would ask the gentleman to read the long explanation to me why it is not, but not at this time. I refuse to yield further on the amendment. I should like to discuss that amendment when we get to it.

Mr. MAHON. Is it not true the budget would have to be submitted with a recommended limitation, but there is no requirement in the Wigglesworth substitute that the appropriation bill would have to carry a provision fixing a limitation? I believe the gentleman will agree that there is no limitation required in the appropriation bill.

Mr. FASCELL. The amendment expresses as I understand it the intent of Congress regarding the fixing of annual limitations on appropriations.

Mr. MAHON. Does it not require the Executive to recommend a limitation? The Wigglesworth substitute does not, insofar as I can read the language, require Congress to fix a limitation. That would be discretionary with the Congress.

Mr. FASCELL. I would read the amendment that it is the intent of the amendment that the Appropriations

Committee and Congress fix an expenditure limitation for each fiscal year.

Mr. MAHON. I think it would be well for that to be well explained because this bill was just written today and we have only seen a printed copy of it.

Mr. FASCELL. It is in the RECORD.

Mr. MAHON. Yes; it is in the RECORD.

Mr. FASCELL. Mr. Chairman, I should like to proceed further with my statement.

Mr. Chairman, not many years ago the National Government was spending at the rate of \$3 billion or \$4 billion a year. Now our budget is in excess of \$70 billion a year. Our rate of expenditure, if we continue to spend in the same proportions, will go even higher. These tremendous increases in our budget and in our national spending have achieved much importance to our way of life, business, and economy. It has become very obvious that Government spending has achieved a very important place in our minds and has made a tremendous impact on the American people. All I need to do is to refer you to last year when the Congress attempted to respond to the desires of the American people for some type of reasonable retrenchment which would give the people some relief. Congress made an attempt to reduce the budget by several billion dollars. Now that sounded good. But, all of us in Congress know it had no effect on the rate of expenditures in that particular year. Yet, the American public thought that that was what Congress was doing. Personally, I think one of the major benefits of an expenditure-based budget is the fact that your expenditures will be your budget and there will be little or no differential between the budget on which we act and the rate of expenditures under which the President controls the purse strings. So I think this is a very important thing to be considered in this legislation. Obviously, also when you budget for 1 year and your rate of expenditures goes beyond what you have in that budget, you are spending unexpended balances. People find it very difficult to understand how you can appropriate \$70 billion this year and you have a \$70 billion carryover which makes \$140 billion available to the Executive, which under the theory could all be expended in 1 year by the Executive, if he so desired. If there is some way to review these balances by Congress on a performance basis, then I think we ought to do it. Certainly, the information is available now to the proper committee. The committee says they review these balances. I understand that. I, for one, would like to see it in the budget, thus available to me as an ordinary Member of the Congress. That is one of the things that this legislation will accomplish, and show a relationship between our cash position and that which we expend.

Let us take a look at these balances. In 1956, it was \$72 billion. In 1957, the balance was \$69 billion. In 1958, the balance was \$70 billion. That in itself is an indication that we have become so big in the matter of appropriations that we need to do something more effective with respect not only to the beginning

basis of the appropriation cycle which is approval by the Committee on Appropriations, but I say we ought to have a restudy and reevaluation of the performance by the executive branch on an annual basis. That is one of the major purposes of this bill.

Now let us get to the proposed amendments very quickly. As I understand the difference between the Wigglesworth amendment and the proposed legislation, it does away specifically with contract authority and allows us to go ahead and appropriate for the full obligated amount. That is full funding. But, it could be provided with this full funding, an annual limitation on the expenditures so that it would, while making all of the money available, require the departments to submit a review on the expenditures thereunder for each fiscal year. This simply means that the information which is now being correlated and which many departments are bound by act of Congress, an approved system, will be mandatorily submitted to the Appropriations Committee in their justifications. Certainly they can do it now if the departments want to, but this puts it into the law.

The CHAIRMAN. The time of the gentleman from Florida [Mr. FASCELL] has again expired.

Mr. BROWN of Ohio. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. FORD].

(Mr. FORD asked and was granted permission to revise and extend his remarks.)

Mr. FORD. Mr. Chairman, I think it is unusual that many of the speeches that some of us had prepared as late as yesterday, whether we were for or against the legislation, must of necessity be changed as of this afternoon, because what we had prepared ourselves to meet and which had been submitted to the committee, to the other body, and to the Rules Committee, is not what we have before us today, except only in part. I personally think we should abandon the contents of the original legislation and discuss the facts as they are before us this afternoon.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield.

Mr. BROWN of Ohio. I think it is only fair to say that both sides find themselves in the same position. The gentleman from New York opposed the bill generally and completely and absolutely—the original H. R. 8002. We find we had to change some of our speeches in order to meet the substitute bill that he had prepared.

Mr. FORD. I would agree that there has been some shifting of position.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield.

Mr. GARY. It is a fact that the Taber amendment was sent to all Members several days ago, so that they did not have to shift within the hour.

Mr. FORD. That is correct.

Now, if I could take a few minutes to discuss the new proposal by my good friend and subcommittee colleague, the gentleman from Massachusetts [Mr.

WIGGLESWORTH]. In the first place anything that was originally contained in H. R. 8002 could have been put into effect by the President without any action by the Congress. I believe all or most of what is included in the so-called Wigglesworth amendment could likewise be done by the President, if he felt it was necessary, on his own initiative.

Now let us discuss only the Wigglesworth amendment. As has been indicated, it is set forth on page 3006 of the RECORD of March 4. I have in my hand a copy of a letter from the Deputy Secretary of Defense, Donald A. Quarles, addressed to the gentleman from California [Mr. LIPSCOMB], who, I understand, was one of the authors of the original bill. This is dated March 5, 1958, which is today. Maybe later all of the letter will be read, but in this letter Mr. Quarles is seeking—

Mr. LIPSCOMB. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield.

Mr. LIPSCOMB. Would the gentleman mind saying how a copy of this letter, which is addressed to me, came into his possession?

Mr. FORD. Yes. It was given to me by the gentleman from New York [Mr. TABER]. I presume Deputy Secretary of Defense Quarles felt it was wise to provide such a copy to the ranking minority member of the Committee on Appropriations.

Mr. LIPSCOMB. I thank the gentleman.

Mr. FORD. Now, let me read certain paragraphs of this letter. This is a letter justifying the position of the Department of Defense in support of the Wigglesworth amendment. Here is one paragraph:

The language of section 3 of the proposed amendment which would provide for appropriations to be made and obligations to be incurred in the same manner as at present is of vital importance to the Department of Defense for the proper execution of programs for the procurement and production of all major items of equipment as well as for research and construction.

That is one paragraph. This next paragraph, in my opinion, should be most carefully listened to because it points out something which I understand the proponents of the original bill felt was vital. We have heard for months and months and months, since this issue came before the Congress that the fundamental problem was that the Congress had lost control of Department of Defense obligations and expenditures. We have heard that morning, noon, and night for the last 6 months or a year. Of course many of us on the subcommittee which worked on this military budget have not believed that; nevertheless it was the argument of the proponents. Now, here is a letter from the Deputy Secretary of Defense endorsing this so-called Wigglesworth amendment. Listen carefully to the reasons why he is endorsing it. I quote:

However, because of the need for some flexibility to take advantage of scientific and technological progress and to permit adjustments as necessary in various programs funded from different appropriations,

authority for transfer of expenditure limitations between appropriations within the Department is necessary for the efficient and economical operation of the overall military program.

In other words, they are endorsing it providing they have more flexibility, not less. I will continue quoting from the letter:

Therefore it would be hoped that the proposed amendment could be interpreted to permit the inclusion in an appropriation bill of authority to transfer during a given year with the approval of the President the unexpended portion of any expenditure limitation from one appropriation to another within an executive department, provided the total expenditure limitation for all appropriations to the executive department is not exceeded.

In other words, they do not want the executive branch to have less control; they want the executive branch to have more control. That is why they are endorsing this amendment.

Let me continue:

In our opinion this would be consistent with the request contained in the President's budget message for the Department of Defense with the approval of the President to be granted authority to make transfers of obligational authority between appropriations.

That is what he has asked for, the President has asked for, authority to transfer up to \$2 billion in the Department of Defense appropriation bill. Apparently he does not feel the Congress can decide adequately into which appropriation fund within the Department of Defense bill money should go.

So they want more authority, greater flexibility, not less.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield to the distinguished gentleman from Texas.

Mr. MAHON. In other words, this letter shows two things, does it not? This letter shows that Donald Quarles, one of the ablest men in Government, has said in effect, "I do not believe in H. R. 8002, the original bill, for I believe that appropriations should be made as they always have been made." Then, having repudiated the original H. R. 8002, Mr. Quarles comes into the second phase, as I understand the gentleman's reading of the letter, and he says, "We want more control of defense appropriations in the Pentagon, in the executive branch." This means, if there is more control there, there will be less control in the Congress, less control over the purse in Congress; and they want more or less of a lump-sum appropriation so these funds can be transferred from one appropriation to another, which is not possible under existing legislation.

Mr. FORD. The gentleman is correct. I want to add just one thing. The gentleman from Texas is absolutely right. But, as you may remember from my reading of the letter, they want this matter perfectly clear, and entirely clarified on the floor of the House. They do not want any question about it. As I said, they want it crystal clear. But they are not satisfied with that. In addition this is requested in Mr. Quarles letter:

While the legislative history, including floor debate, might make this clear, you may find it desirable to add clarifying language on this point.

They do not want the floor debate to handle it. They want the so-called Wigglesworth amendment modified to give them more flexibility—not less.

Mr. MAHON. I think the gentleman is right. The Defense Department would like more authority over funds provided. As a matter of fact, has not the President and the Department made the request to the Appropriations Committee and to the Congress that they have \$2 billion in the Defense budget for 1959 to transfer around as they see fit?

Mr. FORD. Yes.

Mr. MAHON. That request has already been made?

Mr. FORD. That is right. Let me say I think it is the unanimous opinion of the subcommittee on military appropriations that that authority will not be given.

Mr. MAHON. I am delighted to agree with the gentleman.

Mr. FORD. That request, in my opinion, and I am sure this is subscribed to by many on our committee, should not have been made by the executive branch of the Government and it will not be approved. But the point is that the people who are endorsing this Wigglesworth amendment in the Department of Defense, and I assume the Quarles letter would have been read by the proponents as a supporting document for the bill, are giving as their reasons a plan that would take from Congress whatever control it has and give greater control to the executive branch over appropriations.

Mr. LIPSCOMB. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield to the gentleman from California.

Mr. LIPSCOMB. As one of the sponsors of H. R. 8002, and one of the sponsors of the Wigglesworth amendment, I sent a wire to the Secretary of Defense asking him for his opinion on the Wigglesworth amendment. Within a matter of a few moments ago, this letter, which Assistant Secretary of Defense, Mr. McNeil, was courteous enough to have delivered, was handed to me. Evidently a copy went to the ranking member of the Committee on Appropriations before it came to me. I would like to make the record clear that as a supporter of the Wigglesworth amendment I have no intention of giving the Department of Defense more authority to transfer; in fact, I do not support any transfer authority that the President has asked for. Therefore, I hope that the record is completely clear. I know of no supporter of the Wigglesworth amendment who is advocating more transfer authority to the Department of Defense. I believe Mr. McNeil misinterpreted the legislation submitted to him and that he could well reevaluate what he has written.

Mr. FORD. Then, in effect, what the gentleman is saying is that he accepts the indorsement from the Department of Defense but is telling them we are not going to go along with the things that

prompt you to indorse our handiwork. If that is the attitude of the gentleman from California and those who are supporting the Wigglesworth amendment, then this body should be most careful. We all know very well the problems that this country and ourselves in the Congress might have gotten into last fall if we had had at that time an expenditure limitation on the defense appropriation bill and all of a sudden, for reasons known to all of us, we had wanted to expand our expenditures for the Army, Navy, and Air Force.

I do not think anybody here really wants to hamstring and restrict the Department of Defense in case an emergency would arise, and certainly we had one last fall. I do not believe that anybody wants to restrict the Department of Defense in meeting such an emergency.

Mr. LIPSCOMB. I would like to call your attention to the fact that this letter was not submitted by myself or by any other member supporting the Wigglesworth amendment in support of our position. Personally, I thought it was a poor letter. Now, if you want to use it to support your position against the Wigglesworth amendment, that is perfectly all right; but I would rather use the support of the Comptroller General, the Bureau of the Budget, and the Secretary of the Treasury, who have the responsibility of putting into effect the accounting program of the United States Government.

Mr. FORD. Let me say this. If the Secretary of the Treasury, if the Comptroller General and if the President wanted to put this accounting system into effect, they could have done it in the budget that was submitted for fiscal 1959. They could have done it for fiscal 1958. Why was it not done if the plan is so meritorious?

Mr. LIPSCOMB. Mr. Chairman, will the gentleman yield further?

Mr. FORD. Not at this time. You will have plenty of time on your own.

Mr. LIPSCOMB. The gentleman asked be a question. I would like to return a question: Would the Committee on Appropriations accept such a budget without the Congress acting?

Mr. FORD. I would say this, we would pass judgment on that problem when the budget was submitted, but until we have a budget before us submitted with these bookkeeping changes, we cannot act. At such a point we can go over the proposal and see whether that system is better than the other, but to have a change in the bookkeeping and the rules rammed down our throats where it will not save one single solitary penny I think is the wrong procedure.

Mr. SHEPPARD. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield to the gentleman from California.

Mr. SHEPPARD. I would like to ask my colleague from Michigan, whom I enjoy working with so much, because I was not on the floor when perhaps I should have been because of the press of other business, have any of the proponents of the bill referred to the com-

ments of Mr. Brundage when he appeared before the committee headed by the gentleman from Alabama, in which the question of the monetary savings were very definitely investigated, and his response was, "I am in no manner to be held responsible for the amount of money that has been stated would be saved." Nobody has mentioned that factor, although the subject has been under discussion.

Mr. FORD. I put in the RECORD as of yesterday the whole colloquy with reference to the testimony of Mr. Brundage. He would not and could not pinpoint 1 penny of saving by the adoption of H. R. 8002. Now, they started out with \$3 billion in savings. Today no one honestly contends it is an economy bill.

I have in my hand here a tabulation showing the amount of transfers and rescissions that have been approved by this committee and by the Congress of unobligated funds in past years from the various unexpended and unobligated balances. It totals over seven billion six hundred million dollars. In other words, we do look at those unobligated and unexpended balances.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Michigan.

Mr. HOFFMAN. The gentleman just said that transfers were made. Now, when Congress is not in session, who makes those transfers?

Mr. FORD. The transfers cannot be made under either case.

Mr. HOFFMAN. Not when Congress is not in session?

Mr. FORD. Those transfers cannot be made from one account to another without specific approval and authority of the Congress.

Mr. HOFFMAN. Who, if anyone, gives any authority to spend part of this money?

Mr. FORD. Let me just add this, because I think it is an important question and I think it deserves the best answer I can give.

Mr. HOFFMAN. The chairman and the ranking minority member of the committee?

Mr. FORD. Just a moment. If you will let me answer the question, I will tell you how the procedure works. The executive branch of the Government may not transfer obligation authority from one account to another within an appropriation bill, nor can the executive department transfer obligational authority from one appropriation bill to another without approval of the Congress.

However, there may be transfers without specific legislation within an account, but we in our Subcommittee on Defense Appropriations have a procedure whereby, if they want to transfer funds from one program or project or from one major procurement to another, they must come up, give the committee the request in writing, and we must approve it. I hope that answers the gentleman's question.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield to the gentleman.

Mr. GARY. That is also the procedure of the other subcommittees.

Mr. FASCELL. Mr. Chairman, I yield 15 minutes to the gentleman from Florida [Mr. ROGERS].

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. For a short inquiry.

Mr. NICHOLSON. I would like to know whether under H. R. 8002 these appropriations go back to the Treasury on the first of July.

Mr. ROGERS of Florida. Under H. R. 8002, as originally drawn, the appropriations would go back. With the Wigglesworth amendment there would be a change.

Mr. Chairman, this is a bill which is causing, as all of us see here, a great deal of controversy. I think it is significant that we enter this debate today with an announcement that we had fired another satellite, because certainly this has become the age of super bombs, super missiles, and the age of super budgets. And it is about time for us to look at what we are doing and see if we can improve somewhat the congressional control of our budget and expenditure method.

This proposed legislation is not any new procedure. This is not something that has been untried that we are suggesting, those of us who favor this bill or the principles of it. It is not something that was just thought up. This Congress, this very body, created a commission to study the budgeting and expenditure problem, and the Commission did for a number of years. They reported back to this Congress. One of our own standing committees studied this problem for 2 years, held hearings and took testimony. The House Government Operations Committee took testimony from the Appropriations Committee to consider their views and they reported out a bill.

This legislation has been endorsed by the President of the United States, by his chief fiscal officers, the Director of the Budget, the Treasury Department and Congress' own agent, the Comptroller General. Furthermore, this legislation has been considered by the other body. Like legislation was introduced by 50 Members in that body and it passed without any objections.

Now we are coming before the House realizing that there is some very strong objection, mainly to contract authority, as we understood from the testimony presented before the Government Operations Committee. The gentleman from Massachusetts [Mr. WIGGLESWORTH] is going to present an amendment to remove that objection.

This is the difference that I think all of us can quickly grasp in this legislation, and it is very simple. It is not complicated. Under the present system what do we do when we have long-lead items like airplanes, that may take 3, 4, or 5 years to build? Under the present setup we appropriate all the money it is estimated will be needed to complete the construction program. As that program progresses, the committee can ask questions each year whenever the department concerned comes before them. They can ask questions as to what is happening,

what is going on, and how the departments are spending this money. But really the burden to find out what is happening, is where? On the Appropriations Committee and on the Congress to really do the investigating, which they are willing to do, and the committee has done a marvelous job year after year after year, we know. However, why should not this burden be placed upon the departments to give this information to the Congress, where we do not have to keep asking every question about what is happening?

Now, unless something goes wrong with the program or unless the departments ask for more money, it is possible that we may never ask the right question, just as happened with the airplanes. You remember the very celebrated case—the congressional committees have gone into it, and there are official reports about it—where we let contracts for airplanes to one company to build the bodies of the airplanes and to another company to build the engines. What happened? When they put the engine and the body together it could not get off the ground, because there was not enough thrust in that engine to take it off the ground.

Under the system we want to put in the departments would have to come back to the Congress and give progress reports, give us performance reports, according to the law we passed during the last Congress, Public Law 863, and incorporate it in the budget figures. They will have to help furnish that material, because the responsibility will be upon them, and Congress can decide each year then whether we want to take action to continue such a program after they have had a plane that would not work, or whether we want to be notified at the end of the program, which was what happened, after they had contracted for a number of planes that would not work. At the end of the production time it is too late to do anything but pay the bill. So what we want to do is bring about a little closer check.

Further, this is a logical step to take after we passed Public Law 863 in the last Congress. Do you realize we passed such a law, Public Law 863, without a dissent in the House or the Senate, saying that we want these agencies to go on an accrual system? And there is a copy of the law right there, and the Departments are going on that system because it is a businesslike method of doing it.

Even the Defense Department in its testimony, which I can quote, from Mr. McNeil, the Defense Department's own comptroller, said, "Yes, we are putting it into effect as fast as we can." In fact, his testimony was, "We even started it a little before the law was enacted, and we have saved in the Army because we are keeping close tab on what is happening. We have saved \$2½ billions, and it is almost \$3 billions now." That is some saving. That is some reason not to laugh off a proposal like this, I would say.

I want to point out this, that in this accrual system, which we had not had until we passed the law in the last Congress, in many instances—

Mr. TABER. If the gentleman will yield there, that has been in effect for 15 to 20 years, to my knowledge.

Mr. ROGERS of Florida. And it is being implemented more, and I am glad it will work. That is what we want to propose, simply an extension of that which has been proved sound, as the gentleman from New York [Mr. TABER] says, for 15 years.

Let me point this out, that in the departments when we enacted Public Law 863 there were thousands of items and goods, but we really did not know what we had on hand because there was not a good record of it. You remember the instance when reports were made about all the hamburger that was on hand. Reports were that there was a great deal of hamburger on hand and that there were a lot of anchors for the Navy that would last, they said, until about the year 2006. So this law that we passed in the last Congress—Public Law 863—put our departments on a cost basis compelling them as they move into the system to check—on what? On their inventories and to consider those inventories before they come to the Congress to say, "We want more money to buy more hamburger." We want them to use it up. As a result of that, we are going to get better businesslike methods and practices.

May I say this. Placing the burden on the department will help to give the Congress more control. This legislation is designed for that very purpose. This will increase the power of the Committee on Appropriations by doing this, as is proposed by the Wigglesworth amendment. We will appropriate just as we always have, since the main objective of the Committee on Appropriations was to do away with the contract authority—so the gentleman from Massachusetts [Mr. WIGGLESWORTH] is presenting a proposal which will go ahead and allow us to appropriate the full amount just as we do now. Except that we will put an expenditure limitation—or rather the Committee on Appropriations will do it—they will put an expenditure limitation on so that when the departments come back at the end of the year, the Department of Defense or whatever department it may be tell us what they have done with the money based on the law we passed last year.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield.

Mr. TABER. Does the gentleman realize the Government could not let a contract under that kind of operation under the law as it exists? I read the thing here this morning.

Mr. ROGERS of Florida. Sir, if we have appropriated exactly as we do now, we feel there is no question but what the same procedures would be carried out. And, it has been said that it would work by your fiscal heads of the Government including the budget, the Treasury and the Comptroller.

Mr. TABER. Does the gentleman realize that the funds must be available when a contract is let? That is the law and you do not change the law in this bill. You would have to change the

law in this bill if you are going to have any such scheme as that.

Mr. ROGERS of Florida. This will make the funds available by appropriating them all at the beginning just as we do now and simply putting a limitation on the number of goods and services which they estimate they are going to have to have. It is just simply good business practice. There is nothing startling about it. If you want to try to get some control back into the hands of the Congress, every Member ought to vote for this and ought to vote for the Wigglesworth amendment because we want that control back in the Congress of the United States where it ought to be.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield.

Mr. FASCELL. Would it not be possible to take an entire appropriation as a limitation within a given fiscal year?

Mr. ROGERS of Florida. Why certainly. In other words, this is not an unworkable program. It has great flexibility. Whatever in the opinion of the Committee on Appropriations they decide and recommend to the Congress, it could put the limitation for the full extent. For instance, on research funds. Suppose someone comes in and says: "Now with reference to the Polaris project. We feel we may have a breakthrough. We have asked you for \$100 million. Now we may not really spend that much. We do not plan to spend more than \$40 million this year. But, in the event we have a breakthrough and it looks like we may, we are asking the committee to go along with us and just put the limitation at \$100 million." Which is what the Appropriation Committee would have done under the present system in those sensitive fields where you feel there may be a need for it. So this is a workable program. It is a good plan. It has been well thought out. It has tremendous support all over the country. We believe it will bring about better business procedures in the Government, and it will bring back to the Congress control of the expenditures of funds.

Mr. SCRIVNER. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield.

Mr. SCRIVNER. I have been interested in the gentleman's statement. Many of the things which he says this bill will do are now being done by the Appropriations Committee under our practices. The departments do come in and tell us what the state of all their contracts is. The McConnell plan the gentleman is talking about was several years ago and was quite unfortunate. But I have been listening ever since debate opened to find somebody to itemize for me where you are going to make a saving of as many millions, perhaps billions, of dollars as the Nation has been told would be saved by the operation of H. R. 8002, and I have not heard where it would save 1 cent. It would complicate the appropriations process and would call for more man-years or man-hours and would cost more than you are saving.

Mr. ROGERS of Florida. I thank the gentleman. There is no question but what I feel it will bring about better management; first, because it will give us closer control of what the departments do. The gentleman from Michigan [Mr. FORD] said that was what he wanted. That is what we want, too. It will make the departments decide on their expenditures if they have to come back and report to Congress and say, "Well, we were off in our estimates," and then we can see what has happened and we can get better performance because we can set limitations for the next year on the departments by the Appropriations Committee and the Congress. It is good business procedure. In fact, they are doing that in the Defense Department now. If you will read the committee hearing records, the Defense Department right now is carrying on this same method. In fact, they are using the accrual system.

I would urge that everyone who believes in the control of the expenditure budget consider favorably H. R. 8002, as amended by the Wigglesworth amendment.

The CHAIRMAN. The time of the gentleman from Florida [Mr. ROGERS] has expired.

Mr. BROWN of Ohio. Mr. Chairman, I yield 15½ minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Does that mean that the gentleman does not have the courage to go on with his statement now?

Mr. BROWN of Ohio. No. The proponents on that side have led off and the opponents on this side have led off. So the gentleman from New York is recognized. We have heard no opponents of the bill taking the floor on that side. So the gentleman has 15½ minutes, if he cares to use it. We are giving the opposition one-half the entire time.

Mr. TABER. But they do not dare go ahead and tell us their story.

Mr. BROWN of Ohio. Oh, we dare—

Mr. TABER. Maybe they do not have any. I am inclined to believe that might be so.

I have here a copy of this amendment.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. GARY. Is it not a fact that we are about in the position now where everybody agrees that the original bill is bad and nobody knows what the Wigglesworth amendment is? Is that not about the situation?

Mr. TABER. I am afraid that is so. I am going to try to tell what the Wigglesworth amendment will do in a few words.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield for a question?

Mr. TABER. I yield.

Mr. YOUNGER. I wish the gentleman would explain to the committee how funds that are appropriated revert to the Treasury at this time, and other funds are carried over. Yesterday, when we were considering the appropriation for the Coast Guard, we were told that those funds that were impounded re-

verted to the Treasury at the end of the fiscal year.

Mr. TABER. All funds revert to the Treasury unless there is a specific provision making the funds available for more than 1 year more than the fiscal year for which the appropriation is made.

Mr. YOUNGER. Whether they are obligated or not?

Mr. TABER. It does not make any difference whether they are obligated or not. I do not yield further at this time, because I have to tell you a little bit about this bill.

I want to tell you about these two amendments, the Wigglesworth amendment, and the one I intend to offer. The Wigglesworth amendment is very faulty in that it contains provisions which will completely destroy the United States Government's accounting system and will require another set of books and all sorts of different procedures.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. TABER. I will not yield at this point because I want the membership to learn what this is all about.

Mr. Chairman, I decline to yield to anyone.

The first paragraph provides that expenditures shall be charged against the limitation for the cost of goods and services. That is the law now; we do not need any such law.

The second paragraph provides that at the end of the fiscal year considered any unused balance of the limitation of annual accrued expenditures shall lapse. That is the law now as to all expenditures that are not obligated. But there is an enormous number of items that are obligated. This does not make any exception to cover unobligated funds.

The law now requires a lapsing of all funds that have not been used or obligated. If they are obligated they have got to be used later on to pay the contracts that are entered into. This amendment carries no such provision, and it would all be messed up.

If you undertake to operate on the accrued expenditure basis and set a limit on the amount of money that can be expended in any year, or in the first year and then appropriate a great lot of other moneys subject to that limitation your contracting officer has no authority to let the contract, because he must have all of the funds available at the time the contract is entered into. These things are perhaps a little intricate and perhaps we can expect them to be considered, but those are the things that make a mess out of this whole proposed amendment to be offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH].

I could go a little further with the amendment, but the same thing that I said there applies to the rest of the paragraph. It just will completely mess up the Government's situation. You cannot do anything with it.

The amendment I propose to offer, not because I wanted to have anything particular to do with the job but because I felt it was my duty to try and present

something so that the Members could understand it and it would be plain and straightforward—all of you have copies of this—requires every agency of the Government to report to the Bureau of the Budget the operation of appropriations that have been made to it, not only those that are subject to the limitations of an annual appropriation, but those where the funds have been made available until expended, as a great many of the military items are.

Under my amendment the agency would have to report to the Bureau of Budget every year whatever the balance was in their annual appropriations, and they would have to report whatever the balance was in the appropriations that are made available for more than 1 year. Also they would have to be in such shape that they could justify every single item that was presented. In other words, there would have to be a review by the Appropriations Committee every year of what was left in that appropriation that would be available for that fiscal year in which the committee was sitting, and their requirements for future appropriations, and of what the operations had been and what reason there was for continuing the funds that had been made available for more than 1 year and were subject to obligation. But here we have a real method for helping to save some money. These other bills, H. R. 8002 and the Wigglesworth amendment, do not save a dollar; they just mess up the whole governmental situation.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. In the gentleman's opinion, will this not make the entire Government structure a paradise for accountants?

Mr. TABER. Yes; and they would not be able to enter into contracts unless the law was developed a great deal further than it has been by any of these bills that have been presented here.

Mr. LIPSCOMB. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from California.

Mr. LIPSCOMB. Will the gentleman from New York explain the necessity for his amendment? Does not the Appropriations Committee at the present time do these things?

Mr. TABER. They do, but we do not have the requirement that the agency must present these things to the budget with reference to the items for the fiscal year for which the appropriation has been made and are unexpended. Half of them are unexpended at the time the budget is made up, and more.

Mr. LIPSCOMB. Does the gentleman think you in the Appropriations Committee can do a better job if the gentleman's amendment were agreed to?

Mr. TABER. I do.

Mr. LIPSCOMB. Does not the gentleman have this kind of information in the 1311 reports that were set up by the Supplemental Appropriation Act, 1955?

Mr. TABER. No, we do not.

Mr. LIPSCOMB. What do those reports cover?

Mr. TABER. Those reports do not relate to the operations of the current fiscal year for which the budget is made up and they do not show that picture.

As the gentleman from Michigan [Mr. FORD] showed when he was addressing the committee, there were a number of transfers of large amounts of money in the Military Establishment out of funds that would not have expired on an annual basis. Those could be used or they could be recovered into the Treasury. It would help tremendously to have this authority to go ahead and cover these things.

Mr. LIPSCOMB. Would not H. R. 8002, as amended by the Wigglesworth amendment, accomplish that?

Mr. TABER. No, that would not help.

Mr. LIPSCOMB. It would give you a better chance?

Mr. TABER. No; it would not give us a better chance. It would be worse because you have that situation that I have described when I was addressing the committee before. Supposing you have authority in a bill for 1959 to construct a building costing \$1 million and that authority cannot be exercised until June 1. That money is subject to your accrual budget of 1 year. Under the provisions of paragraph b, section 2, of the Wigglesworth amendment, at the end of that fiscal year the unused balance of the limitation would expire. It does not say "unobligated," it says "unused." Those are two different words. It would just mess up the situation so nobody would dare bid on a contract. This whole bill is drawn on that kind of a basis. It has not been given thorough and fair consideration as to the language in it.

Mr. LIPSCOMB. Is not the method proposed by the Wigglesworth amendment one of the ways in which you operate in the Appropriations Committee? For instance, is not the Bureau of Reclamation on an accrued expenditure basis?

Mr. TABER. The appropriations are made on that kind of a basis, it is equivalent to a contract authorization, but that is a very great handicap to those who wish to see the Government run in an orderly way. It should be done away with because we get into that picture, and the public works picture all the way through on that basis, and we are in trouble all the time because we get projects started with small amounts when they are going to cost an awful lot of money and the people do not understand what they are voting for.

Mr. LIPSCOMB. Mr. Chairman, will the gentleman yield further?

Mr. TABER. I yield.

Mr. LIPSCOMB. Under the Wigglesworth amendment we are doing away with just exactly what the gentleman has complained about, contract authority.

Mr. TABER. No. This language would not change this practice of the reclamation feature and flood control and the other items.

Mr. LIPSCOMB. I did not mean to say we would change the way those funds were appropriated, but throughout the rest of the Government—

Mr. TABER. Well, the rest of the picture is on an accrual basis now.

Mr. LIPSCOMB. Not all of it, sir.

Mr. TABER. Most of it. All except those items where we have more than 1 year in which to get delivery on the goods.

Mr. LIPSCOMB. And you and I are both trying to do the same thing.

Mr. TABER. We are trying to save money, and when I see something put in front of me that will prevent us from saving money and prevent the Government from doing business in an orderly way, I feel it is my duty to come out on the floor and say so. It is not a pleasant thing for me to have to come out and disagree with my friend from California, because I have watched him for a long time and I have a high regard for him. But, the thing is so bad, in my opinion, that, unless my amendment is adopted, I am afraid it is going to do an awful lot of damage to the Government.

Mr. SHEPPARD. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from California.

Mr. SHEPPARD. I am going to ask a rather personal question, and I hope the gentleman will not take any offense. How long has the gentleman served on the Committee on Appropriations?

Mr. TABER. Oh, I was elected to the Committee on Appropriations in December 1923 and I have been there ever since. Maybe it is too long, but that is the truth.

Mr. SHEPPARD. I would like to ask further, insofar as contractual procedure is concerned, irrespective of who is for or who is against, it is my distinct recollection that we operated under contract authority for some possibly 6 or 7 years, and we found it so unworkable that we had to go to this course of procedure in order that the Committee on Appropriations and the Congress, approving of their action, of course, would have a more firm control of how the dollars were expended. Is that a right or wrong assumption?

Mr. TABER. It is correct, and in addition the Congress would know how much the job that they were appropriating for was going to cost, and we would have it out in front of us, and we would be considering the amount that we had to pay out and appropriate, and we would not be fooling anybody.

Mr. SHEPPARD. Of course, I have only served on the committee 16 years, but I want to pay my friend a compliment. I am so interested in your reactions because of the wide range of experience you have had as compared with some of the proponents of this bill.

Mr. TABER. I thank the gentleman.

Mr. FASCELL. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. MAGNUSON].

Mr. MAGNUSON. Mr. Chairman, I rise in opposition to H. R. 8002.

This is not a partisan issue. Members of our two great parties are lined up on both sides of this question.

Nor is it an issue between more Federal spending or less Federal spending. The supporters believe that this measure will afford tighter congressional control over Government expenditures; and we who are opposed are equally sincere in arguing that enactment of this measure will

defeat the very objective for which it is sought.

Yes, Mr. Chairman, there is agreement between both sides of this issue that we should tighten up Federal spending policies and practices if at all possible.

So the issue here boils down to this: Will H. R. 8002 in fact, as its proponents argue, return the control of the purse strings to Congress, or will it, as we contend, actually weaken congressional control of the purse strings? Will H. R. 8002 actually save money, or will it cost money? Is it a step forward in our fiscal policies, or is it a step backward?

Mr. Chairman, I am opposed to H. R. 8002 because I do not think it will do the job for which it is designed. Superficially, it looks simple, but close investigation will demonstrate, I feel, that the annual accrued expenditures budget actually will increase the costs of Federal procurement programs, confuse and disrupt our fiscal policies, and actually weaken congressional control of the purse strings.

I do not have time to discuss all of the phases of this complicated problem, nor do I feel this necessary in view of the instructive contribution which many of the other speakers have made to the discussion. There are, however, two phases on which I should like to comment. The first is to answer one of the principal charges circulated by some of the advocates of the bill which, I feel, has hindered intelligent understanding of the issues. The second is to explain one of the principal reasons why I feel this measure will increase Federal procurement costs.

In a recent release by the Citizens Committee for the Hoover Report, the following statement was made as an example of the kind of a situation H. R. 8002 would prevent. The Citizens Committee for the Hoover Report said:

For fiscal 1953 Congress appropriated \$12.5 billion for guns, tanks, and other military hardware in Korea. The war ended within a month of the new budget year. Years later, in May 1957, the Army was still spending the remainder of the \$12.5 billion without any further congressional review.

This statement was repeated in editorials in newspapers all over the country and particularly by one newspaper chain which has newspapers in many of the leading cities of the country, including one in my home city of Seattle. As you might guess it had a very strong impact upon the reading public.

Now I grant that if this statement of the Citizens Committee for the Hoover Report were true, it would demonstrate a sorry state of affairs proving the need for immediate corrective action. If this picture were accurate, then I would be the first to say that even 8002 would be a marked improvement.

But the plain truth is that this simply is not accurate; it is a highly distorted and misleading description of the budgetary process.

I have commented in some detail on this charge in a statement which I recently sent to every Member of this body, a statement which also appeared in the Appendix of the CONGRESSIONAL RECORD on February 6, page A1180. Conse-

quently, I do not plan to answer the charge in detail here today. However, I should like to summarize the reasons why this statement is inaccurate and misleading.

First, the statement by the Citizens Committee for the Hoover Report is misleading because the appropriation for military hardware for fiscal year 1953 was \$2.7 billion, not the \$12.5 billion asserted. It is true that the new appropriation plus the carryover added up to \$12.5 billion; but to lump the two together ignores the vital distinction between a new appropriation, which looks several years ahead, and the unspent balance of a prior appropriation.

Second, the statement is misleading because it implies that the \$12.5 billion was spent over the next 5 years for military hardware ordered for the Korean war. That sounds like the height of idiocy, does it not?

Mr. SHEPPARD. Mr. Chairman, will the gentleman yield?

Mr. MAGNUSON. I yield to the gentleman from California.

Mr. SHEPPARD. On the point to which the gentleman is presently addressing himself, I am sure the gentleman knows that each one of the subcommittees handling military appropriations definitely inquires into the unexpended balances in all services, and every Member on the floor of this House would be so advised if he would read the hearings.

Mr. MAGNUSON. That is absolutely correct, and I make that plain a little further in my statement. It is categorically false that the military were spending this \$12.5 billion for the next 5 years for military hardware for the Korean war which was over, of course. Just as soon as the Korean war ended, the uncommitted money in this military hardware appropriation account was diverted to postwar needs.

For example, the Army used these carryover funds to defend our country from airplane attack, and also to produce the Redstone missile, which formed the basis for the launching of the first American satellite, and also the second one, which I understand, as the gentleman from Pennsylvania [Mr. Flood] announced a while ago, was launched earlier today.

Third, the statement is downright false when it asserts that the Army continued to spend the money in the military hardware account "without any further congressional review."

Mr. SCRIVNER. Mr. Chairman, will the gentleman yield?

Mr. MAGNUSON. I yield to the gentleman from Kansas.

Mr. SCRIVNER. As a matter of fact, each year thereafter the Army came before the Military Appropriations Committee and the Army panel, particularly, and stated in definite terms a list of things they proposed to buy out of the previously appropriated funds, so that the committee and this Congress could know exactly for what every cent was being spent.

Mr. MAGNUSON. Exactly, and the gentleman is a member of that subcom-

mittee and, of course, is very familiar with what happened.

Each year, as the hearings and reports show, the Appropriations Committees of both bodies reviewed in considerable detail how the Army was spending the money in this account. In the Appropriation Act for fiscal 1955, Congress rescinded \$500 million of the previous appropriations for Army military hardware, and for fiscal 1956 Congress transferred some \$740 million of these funds to other defense accounts. If this does not constitute congressional review, then I do not know the meaning of the English language.

In this brief comment on the citizens committee statement, I hope I have demonstrated that our understanding of the technical problem before us will not be advanced by having in mind an inaccurate, misleading, and untrue picture of the budgetary process.

Those of us who are opposed to H. R. 8002 have asserted that in operation it actually will increase costs of Government operations.

I should like to take a moment here to explain at least one reason why I believe this is true, why H. R. 8002 would increase defense procurement costs.

H. R. 8002 is directed principally toward what are called the long-lead-time items of military procurement, such as aircraft, tanks, and missiles. We all know that many years elapse from the time the initial decision is made to buy a certain quantity of military equipment of this kind until the last unit is delivered to the Government. Under our present procedures, Congress usually appropriates the total expected cost of the contract at the outset. Such an appropriation carries authority to enter into the contract, and then also carries the authority to spend the money under the contract as the work is done and the units are delivered. Under this system, the military departments have the primary responsibility for scheduling the expenditure of the appropriated funds from week to week, month to month, and year to year.

Under the annual accrued expenditures budget of H. R. 8002, Congress would be required to estimate the actual amount expected to be spent under a multitude of these contracts within 1 fiscal year, and then appropriate only the amount of money which could be spent during that fiscal year on those contracts.

Now, it is inevitable that the congressional allocation of expenditures for long-lead-time items within a given fiscal year always will be inaccurate.

I want to stress that point. Under H. R. 8002, the fiscal year appropriations for aircraft, tanks, and missiles are bound to be wrong. They will be either too high, or too low. And therein lies the difficulty.

Mr. HOLTZMAN. Mr. Chairman, will the gentleman yield?

Mr. MAGNUSON. I yield to the gentleman from New York.

Mr. HOLTZMAN. Would the amendment to be offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH]

change this latter statement the gentleman is making?

Mr. MAGNUSON. No. As I understand it, it would not.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. MAGNUSON. I yield.

Mr. ROGERS of Florida. Is it true that by reviewing that each year we would in effect have greater control?

Mr. MAGNUSON. We already have that.

There are two major reasons for this difficulty. One is the dimension of time. The other is that our crystal balls just are not this good—they simply cannot foresee every production barrier or technological breakthrough.

It usually takes a year and a half to produce an appropriation bill. The Hoover Commission Task Force on Budget and Accounting pointed out, for example, that the fiscal year 1954 appropriation for the Navy Department took 522 days from the time the Chief of Naval Operations first started to work on it until the act was signed by the President. Three hundred and eighteen days were taken up by study within the executive department; for 204 days the appropriation was under consideration by Congress. It is inevitable that during this long period of advance planning, before the fiscal year even starts, there will be developments which will change the expenditure estimates for the given fiscal year.

It is inevitable, then, that the congressional appropriations for long-lead-time items for a given fiscal year will be either too high or too low.

I contend that in either event, H. R. 8002 would increase procurement costs, as well as impose an almost impossible burden on defense contractors.

Suppose the appropriation is too low. It could be too low for several reasons. It could be too low because the contractor has solved some supply or production problems sooner than expected, and is in a position to speed up delivery and by doing so take advantage of economies of larger production. It could be too low because there has been an unexpected scientific breakthrough permitting a new approach to equipment design or even a new item of military hardware. It could be too low because an emergency development requiring an accelerated production schedule.

Under any of these circumstances, the military agency could not take advantage of potential economies of the improved methods because it would be operating under the straitjacket of a congressional ceiling on expenditures. The defense contractor would be faced with the choice of turning down the potential economies of more efficient scheduling or trying to finance his operations himself until the end of the fiscal year.

Even if the appropriation is too high for a given fiscal year, this likely will result in added costs. For one thing, there will be a rush to spend the excess money before it lapses at the end of the fiscal year. Moreover, in the usual case, the appropriation for the following fiscal year will be predicated on the as-

sumption that all of the funds allocated for the previous year have been spent to carry out the estimated production schedule. But if this excess lapses because the contractor has fallen behind his schedule, he will not be able to make up the lost time in the next fiscal year.

It is for these reasons, among others, that the major defense contractors have spoken out against H. R. 8002. Last August 21, I placed in the RECORD a telegram I had received from Mr. William M. Allen, president of the Boeing Airplane Co., spelling out the reasons why he felt 8002 would affect his company's operations adversely and increase defense procurement costs. On February 13, I placed in the RECORD a similar letter I had received from Mr. Donald W. Douglas, Jr., on behalf of the Douglas Aircraft Co., Inc.

H. R. 8002 removes the flexibility necessary to take advantage of unforeseen production and scientific advances. I am afraid that the same adverse effects I have discussed above would be felt on the operations of defense establishments such as the Puget Sound Naval Shipyard, as well as defense contractors.

Mr. Chairman, these are some of the reasons why I oppose H. R. 8002.

I hope that my colleagues in this House will join with me in defeating this unworkable proposal.

Mr. BROWN of Ohio. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Chairman, as we face general debate on the bill, H. R. 8002, today, we in the House are confronted with, indeed, a peculiar set of circumstances. We face not the Rogers bill which people have been writing in about and on which editorials have been written throughout the Nation. We are faced with an entirely new bill which was placed in the CONGRESSIONAL RECORD for the first time this morning, a new substitute, the Wigglesworth bill or substitute.

This Wigglesworth bill has not been seen by a majority of the editorial writers. It has not been seen by the people who have written letters supporting H. R. 8002. But, it seems that the proponents of this legislation are interested in capturing a number and in actually seeing that a piece of legislation passes with the number 8002 on it.

Mr. BROWNSON. Mr. Chairman, will the gentleman yield?

Mr. LAIRD. I yield.

Mr. BROWNSON. Is the gentleman happier with the Rogers bill as H. R. 8002 and would he be prepared to support that legislation rather than the Wigglesworth substitute?

Mr. LAIRD. I believe the answer to your question would be quite obvious when I finish my comments. I hope the gentleman will bear with me. I will try to clear up that question.

Let us first look at the original bill for a few minutes. I think all of us understand that the President right now has all the authority to send an executive budget to this Congress on an accrual basis under the present law.

Mr. LIPSCOMB. Mr. Chairman, will the gentleman yield?

Mr. LAIRD. I am happy to yield to my friend, the gentleman from California for whom I have a great deal of respect. I know he is an outstanding accountant and is the original author of this bill. I am very happy to yield to the hardest working Member of Congress, an outstanding member of the Government Operations Committee, and a skilled legislator.

Mr. LIPSCOMB. Would the gentleman tell me whether the Appropriations Committee would accept the President's budget if it were sent today on an accrued expenditure limitation basis?

Mr. LAIRD. Of course, we would accept the President's budget. Whether we would make changes in the budget, I am sure we could not state until hearings had been held.

Mr. LIPSCOMB. But do you not feel this is a rather good debate when the Congress can work its will and express the sense of Congress that we do not wish the Appropriations Committee to operate under an accrued expenditure limitation basis?

Mr. LAIRD. Well, I hope the debate brings out something. I believe there has been a lot of gunshooting on H. R. 8002 for the past year. We find this morning that the original bill is out of the window.

Now, let us look at the report of the Government Operations Committee.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. LAIRD. I yield.

Mr. TABER. Section 3 of the Wigglesworth amendment provides that "nothing in this act shall be construed to change existing law with respect to the method or manner of making appropriations or the incurring of obligations under appropriations." How could we be required to do any accrued expenditure business with that language?

Mr. LAIRD. I agree with the gentleman. It is a much different piece of legislation than the original bill. We have gotten away from the principles of the original bill by the substitute. The new bill or Wigglesworth bill provides for full funding, not funding on an accrual basis.

Mr. ROGERS of Florida. Will the gentleman yield?

Mr. LAIRD. I yield.

Mr. ROGERS of Florida. Actually, I think you will find that the principle in accrual accounting expenditure is definitely in the Wigglesworth amendment, except instead of calling it contract authority, as the gentleman knows, the contract authority is in effect the same thing as obligation authority, except we have appropriated it all rather than just giving the right to enact a contract. So the principle is still carried out, except we put an expenditure limitation for the year.

Mr. LAIRD. I think if the gentleman will let me proceed he will find there is an entirely different emphasis in this substitute than on the original bill.

At the present time the House Appropriations Committee carefully scrutinizes the balances carried over each year. I want to impress upon my colleagues in

the House that the most effective control of the Federal purse will not come primarily from the control of expenditure rates. When you get to the expenditure level it is too late. The time to exercise effective control is at the time when the authority to obligate is requested. If the Rogers bill becomes law, the big spenders will be able to sell more easily new projects and programs to this Congress.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. LAIRD. I would like to conclude my statement. I have only 10 minutes. I wonder if the gentleman could give me a little more time.

Mr. FASCELL. The gentleman may go ahead and finish his statement.

Mr. LAIRD. Mr. Chairman, the President has full authority to put the Executive budget on an accrued expenditure basis at any time he so desires. H. R. 8002 as recommended by the Government Operations Committee will not save the taxpayer money. It will not result in the reduction of carryover balances. At present the House Appropriations Committee carefully scrutinizes these carryover balances each year. The most effective control of the purse will not come primarily from the control of expenditure rates. It is too late then. The time and place to control is at the point when authority to obligate is requested.

If this bill becomes law, the big spenders will be able to sell more easily their new projects and programs to the Congress. H. R. 8002 would put Uncle Sam on installment buying, a few dollars down and pay the rest of the contract over the years. It is my considered opinion that such a policy will result in the Congress committing Uncle Sam to vast future expenditures. Experience clearly shows it is very easy to convince Members of the House and Senate to put up \$1 million the first year to initiate construction on a 5-year \$400 million multipurpose hydroelectric project, but once the downpayment is made Uncle Sam must continue or lose his initial investment. In contrast, if the full \$400 million had to be made available the first year, Congress would not be as prone to go ahead. Installment buying is the heart of H. R. 8002, as reported from committee, and if the Government is to save money, it cannot be done by this method.

It is contended that H. R. 8002 as reported from the Government Operations Committee will result in large reductions in unexpended balances in the hands of the departments—especially defense. It will not do this. It would reduce unexpended balances of appropriations but correspondingly increase unexpended balances of contract authority, with no change in total Federal commitments.

We have been told by H. R. 8002 proponents that it provides for an annual review of programs, with the inference that no annual review is given for programs under present procedure and laws. This of course is not in keeping with the facts. As an example of potential savings through the operations of H. R. 8002 as reported from the Government Operations Committee, an un-

satisfactory Navy aircraft procurement and research program was cited where \$173 million dollars was spent before the program was abandoned.

When Mr. W. J. McNeil, the Assistant Secretary of Defense was asked about it he said, page 284, Government Operations Committee Hearings on Improving Federal Budget and Appropriations, April 10, 1957:

This bill would not correct it.

This bill—and unfortunately, some of the things we have been trying to work on will not cure that situation, for this reason: We have had a dozen items of that kind in the last 5 years. We are trying to avoid one this year, but sure as can be, we are going to have one. I don't know where it is going to come, but I know an area it may come in.

Mr. McNeil was then asked if a review of the operation would determine whether the contract was being performed properly and the money spent effectively and economically. He replied:

We know that now and we know it as well as we will under this bill, but that is not the problem, sir; we have it in a missile right today, the same problem we had in that airplane. We have it in 2 components, 2 of the 4 major components of a certain missile. We know what we have spent; we know what the contractor spent. We have had an independent technical evaluation of the project.

Right at the moment the problem is entirely aside from budgeting and accounting. It is a missile we need, if we can make it. They are having trouble with the engine. They are certain they are going to fix the engine and get it working this fall. From a budget standpoint, and trying to watch those things, we are not sure. Some don't think they are going to get the engine in November, but other technicians and scientists—and we have a long list of able people who think this problem is going to be solved.

Now, in the guidance they have a little problem. They are certain that is going to be solved, again by fall.

Now, that program is continuing. We know where it is, how much we have spent, how much we are spending by the month, by the day, and by the week, how much it is going to cost to continue it until November. If these things repeat themselves, it may be that in November the technician will be certain this will be solved in March, and as a result we will continue until March. In March we may find it is a dud, or the people may be right, and it will make a breakthrough. If it breaks through, everybody will say we are smart. Otherwise they will say we shouldn't have done it. However, in the meantime we know exactly what we are spending on it, every item of it.

I think it only fair to say that the Navy contends that the end result of the above-mentioned unsatisfactory aircraft procurement program resulted in a later development of an F3H-2 plane, an airplane of advanced design and good performance.

It is evident from Mr. McNeil's testimony that this example of savings that accountant proponents of H. R. 8002 claim will be accomplished is without foundation.

As I recall, proponents of H. R. 8002 have indicated a feeling that presentations to the Appropriations Committee should be on the basis of broad performance-type budgets without going into project details or even without detailed

plans of the program being available. On the other hand, they express a feeling that the purported benefits of the proposed changes in budget procedure are to be achieved in large part by more detailed annual attention than is now given by the Appropriations Committee. It is rather difficult to understand the logic behind the use of two conflicting claims to promote the same objective.

The action on the floor of the House on February 26, 1958, when \$20 million of supplemental funds was provided for two Bureau of Reclamation projects is illustrative of the fallacy of the claims of H. R. 8002 proponents in regard to better purse-strings control by the Congress through contract authorization and annual accrued expenditure appropriations.

On the Glen Canyon project a contract was let which is almost identical in nature with contracts that would be permitted under the proposed contract authorization provisions of H. R. 8002. The obligational funds provided for fiscal year 1958 for this project constituted in this case an annual accrued expenditure limitation on the amount of work that could be done in fiscal year 1958 on the prime contract and other features of the project. However, neither the Bureau of Reclamation or the prime contractor made any attempt to schedule the work so as to stay within that limitation.

Instead, they went right ahead on a 7-day week, around-the-clock basis. Then when the limitation was reached they came running to Congress for more money, crying that 2,500 men would be thrown out of work. It has been inferred that Congress had an obligation to provide more funds regardless of the fact that Congress had in effect put an annual accrued expenditure limitation on the project.

One wonders what the accountant proponents of H. R. 8002 would recommend in this case or how provisions of H. R. 8002 would prevent it.

Incidentally, the Bureau testified that a \$20,920,634 camp facility was contemplated in connection with the Glen Canyon project. For 3 years the House Appropriations Committee has been inquiring in detail into this housing development which is expected to provide for 200 ultimate, permanent employees when the project is completed and in operation. Each year the Bureau has given an entirely different picture and cost estimate. The accountant proponents of H. R. 8002 cannot say there has been no annual review in this case nor can passage of H. R. 8002 correct this sort of failure of the executive departments to keep such phases of projects within reasonable bounds. In fact, the proposal of H. R. 8002 proponents to provide contract authorization on a broad basis before detailed plans are made would encourage this sort of thing.

The Trinity River project action was similar to that on the Glen Canyon. The Bureau of Reclamation contracted for construction of a dam and a tunnel. This corresponds to contract authorization of H. R. 8002. Congress provided so much money in the fiscal year 1958 budget for this project which corre-

sponds in this case to an "annual accrued expenditure" limitation.

The contractor scheduled his work at a rate in excess of that to be provided for under the annual limitation, with no attempt by the Bureau to do anything about it except to come crying to Congress that they had to have more money. This in face of the fact the Bureau has admitted that the tunnel will be completed a year or year and a half ahead of its utilization.

The CHAIRMAN. The Chair would like to announce that the gentleman from Florida [Mr. FASCELL] has 33 minutes left, and the gentleman from Michigan [Mr. HOFFMAN] has 45 minutes left.

Mr. BROWN of Ohio. Mr. Chairman, I yield 8 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

(Mr. WIGGLESWORTH asked and was given permission to revise and extend his remarks.)

Mr. WIGGLESWORTH. Mr. Chairman, I approach this problem in the spirit of compromise. I approach it with the conviction that every one of us here today has a common objective; namely, the best possible control over obligations and the best possible control over expenditures of this Federal Government of ours. I approach it with the conviction that the differences between us today are merely differences as to method.

Personally, Mr. Chairman, it is impossible for me to feel that H. R. 8002 is a satisfactory solution of the problem that confronts us. It would take us back to the method which we employed for many years in this Congress in respect to overall obligations, a method that was discarded because however sound contract authority may be in respect to the business world, and I am sure it is sound there, it did not prove to be satisfactory in controlling the overall obligations of the Federal Government.

On the other hand, Mr. Chairman, I do not feel that the present system under which we have been operating is satisfactory. I have long felt that it was unsatisfactory primarily because it has deprived the Congress, in my opinion, of direct control over Federal expenditures to a very large extent.

In effect, as I see it, we have been making huge deposits in the bank, if you will, to the credit of this agency or that agency and we have been saying to the agency concerned: You can draw down that deposit whenever you see fit and to the extent that you see fit.

As a result, in my opinion the Congress has not had proper control as to whether the budget is to be balanced or not balanced in a given fiscal year.

There is also the further possibility that some of these huge sums will be reprogramed without proper oversight either by the Congress or by the Bureau of the Budget.

This whole question as it presents itself to me comes down to the question of whether the Congress should be in a position to place limitations on our annual expenditures. I believe that it should have the necessary authority and I believe that it should exercise it with reasonable care in the light of the con-

ditions which confront us, just as we used to do until a few years ago when we gave up the practice of contract authority.

Mr. Chairman, in the amendment which I propose to offer, I have simply tried to retain that which has proved helpful in the control of overall obligations and at the same time to strengthen that which to my mind has been weak in the control of overall expenditures.

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Washington.

Mr. HORAN. Do I understand the gentleman to say that we do not have any limitations on expenditures now?

Mr. WIGGLESWORTH. Broadly speaking, I think we have no limitations on about \$24 billion of expenditures in a fiscal year. About one-third of the expenditures are largely in the hands of the executive rather than in the hands of the Congress.

Mr. HORAN. We certainly have the power to limit expenditures in the subcommittees I sit on.

Mr. WIGGLESWORTH. Two-thirds of our expenditure, roughly, is on an annual basis and is therefore automatically limited through appropriations.

Frankly, Mr. Chairman, I think that the amendment which I expect to propose represents a fair compromise. I think it is the best compromise that can be obtained, and in the absence of some such compromise I find myself in the dilemma of being forced to choose between two alternative systems, both of which have been tried, both of which, in my opinion, have been unsatisfactory.

Briefly, the amendment which I propose to offer is intended to do three things.

First, it eliminates completely the suggested return of contract authority as a means of controlling long-term obligations. This, as you know, has been the chief point of attack by those opposed to H. R. 8002.

Second, it is intended to accept the balance of the proposal presented by the second Hoover Commission and to present the possibility for limitations annually on expenditures on an accrued expenditure basis. It conforms to the system of accounting prescribed by Public Law 863 which, as I understand it, has been put into effect by the executive branch of the Government in respect to about 100 appropriations or, say, 20 percent of the total.

Third, it will include language, and the language will be slightly modified as compared with the text appearing in the CONGRESSIONAL RECORD at page 3006, which is intended to give to the Congress the powers included in the Taber amendment so that it may be possible to avoid points of order against transfers or rescissions or reappropriations of funds previously made available which are no longer necessary for their original purpose. I am sure that all of us will agree that those additional powers are highly desirable.

Reference has been made to the dangers confronting contractors, and the assertion has been made that the lapsing

of unused expenditure limitations at the end of the fiscal year will make it impossible to take care of existing obligations.

Of course, existing obligations are included in the accrued expenditure picture, and there would be no lapse in respect to obligations.

In respect to misgivings by contractors in respect to H. R. 8002, I quote specifically from the Bureau of the Budget, in reference to the amendment which I propose to offer:

Subsection (e) provides for payment for goods and services received in a particular year but not paid for in that year. If such goods and services were within the limitation on annual accrued expenditure for the fiscal year in which they were received they could be paid for in the next fiscal year without congressional action, thus insuring that no contractor or supplier would be denied payment for goods and services actually delivered or rendered in accordance with the law and the terms of his contract.

Mr. Chairman, I think it has already been pointed out that the amendment which I plan to offer is endorsed by the Bureau of the Budget; it is endorsed by the Comptroller General; it is endorsed by the Secretary of the Treasury.

It has the support, generally speaking, of the administration and of the Second Hoover Commission who originally recommended this legislation.

It meets the principal objection of those who have been most hostile to H. R. 8002.

I think it is a fair compromise and that it is entitled to a fair trial.

I repeat, Mr. Chairman, that I intend to offer the amendment for the consideration of the House as a proposal which appears to me to be a fair compromise and the best obtainable compromise.

Mr. FASCELL. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. WRIGHT].

(Mr. WRIGHT asked and was given permission to revise and extend his remarks.)

Mr. WRIGHT. Mr. Chairman, the fundamental issue before us is the extent to which the people's elected representatives in the Congress can maintain actual control over the federal purse strings.

There can be no doubt that the Constitution of the United States vested in Congress the clear responsibility to manage and control Federal expenditures. It obviously was believed by the founding fathers that administrative Government should be directly responsible in its expenditure of public funds to the Congress, since in this way it would be responsible to the taxpaying public which elects the Congress and responsive to its wishes.

The enormity of Government today raises many complications probably unforeseen by the authors of the Constitution. They could not have been expected to anticipate the need for long-term planning of huge defense programs which extend of necessity over a period of years and in which there must of necessity be a continuity of policy. Yet, inescapably we must acknowledge the profound wisdom of their foresight and the efficacy of their principle that adminis-

trative Government is responsible to the people whom it serves only when it is financially responsible to the Congress.

In recent years, the practice of large sums, carried over unspent from previous appropriations, has impaired the ideal of Congressional control of the purse.

In the 1956 budget, for example, out of a total of some \$62.4 billion expended in that fiscal year, approximately \$24.5 billion arose from prior appropriations carried over into that year as unexpended balances.

Large balances of unexpended appropriations are thus available annually to the agencies without any further action of the Congress. The following tabulation indicates the scope of this practice in recent years:

Unexpended balances of appropriations [In billions]	
Amount brought forward into the year:	
1950-----	\$11.5
1951-----	14.1
1952-----	50.3
1953-----	68.8
1954-----	78.4
1955-----	68.0
1956-----	53.9

For all practical purposes, Congress has lost control of these sizeable amounts of money. It is to restore congressional control that this bill has been introduced.

As one of the original sponsors of this legislation, I should say that since introducing it, I have encountered numerous specific instances in which long-time contracting authority needs to be given to certain agencies in permitting them to deal in an orderly way with our procurement contractors. Whether either of the substitute plans being offered by members of the Appropriations Committee will satisfy all aspects of this problem, I am not at the moment prepared to say, but I do believe that some such program as this needs to be embarked upon.

It may not result in the saving of billions, as some of its most enthusiastic advocates have estimated, but I think the requirement that agencies return to the Congress and prove up the value of programs underway will very definitely result in some saving and in greater efficiency, and any such result that accrues will certainly be to the good.

Under the proposal, an agency engaged in longtime lead programs would submit initially a properly described program showing the total funds required for its completion, projected in terms of years. The Congress, if it approved the program, would enact an annual appropriation in terms of the estimated accrued expenditures required for the year under consideration. In addition, the Congress would give the agencies contracting authority in terms of the dollar amount required for orderly forward contracting beyond the budget year. The executive branch and the Congress would review the program annually from the standpoint of costs and accomplishment, both completed and projected. The Congress, at the same time, would restate the contracting authority annually as necessary.

Appropriations for the remaining Government programs, where lead time

is not an important factor, should be placed upon an annual accrued expenditure basis. In these cases contracting authority beyond the budget year will not ordinarily be required. The extension of expenditure budgeting to such areas should be a relatively simple matter. It would place budget appropriations and expenditures on a uniform basis throughout the Government.

The President of the United States has asked for the enactment of such a bill in his state of the Union message this year. The principle has been endowed by the Comptroller General and the Secretary of the Treasury. The Senate passed it unanimously last year. I believe no harm can be done and some good will surely result from the enactment of one of the versions of this pending legislation.

Mr. FASCELL. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. MAHON].

Mr. MAHON. Mr. Chairman, it was several years ago when it was represented to the country that if we would adopt H. R. 8002 we would save \$4 billion a year. But that claim has been thoroughly explored and even more thoroughly exploded, and there is no one now who is willing, as I understand it, to attach his name to such a preposterous claim; because the most evident thing about this whole business is that you would have to hire so many accountants to try to figure just how much you would spend in a given year on these hundreds of defense contracts that you would certainly have to increase your personnel very decidedly. It has been said in support of H. R. 8002 that it was passed by the other body unanimously.

This House has not been accustomed to following any leadership except the dictates of its own conscience.

I repeat what I have heard said on this floor in years gone by, a quotation from Holy Writ, "Join not the multitude to do evil." I stand shoulder to shoulder with the gentleman from New York [Mr. TABER] in saying that I shall not join the multitude to do evil in approving this thoroughly unsound measure.

If there were some proposal pending that would completely dominate the operations and activities of the Committee on Ways and Means, and if the overwhelming majority of the Committee on Ways and Means should say, "This will cripple us in our work; it will not be to the best interests of the country; it will cause us to take action harmful to the Nation," I would stand with WILBUR MILLS and the Committee on Ways and Means. I would say the same to the Agriculture Committee; and may I say to the gentleman from Texas [Mr. POAGE], if the considered judgment of the committee was such that it thought certain actions would cripple the work of the committee.

Is there anyone in this House who doubts that the gentleman from Missouri [Mr. CANNON] and the gentleman from New York [Mr. TABER] know more about this issue of appropriations and limitations on budgets than anyone else? I propose to follow the leadership of the men who know the story and who must operate under the system.

If somebody suggested that we ram down the throats of the Committee on Government Operations a procedure which they thought harmful to the country, I would stand side by side with the members of that committee and say, "You shall not pass. This shall not happen to a committee of the House."

It has almost made me cry to see those who have undertaken to run roughshod over that venerable statesman, the gentleman from New York, JOHN TABER, who has done so much for orderly procedure and so much for a program of acquiring a dollar in value for a dollar expended.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Florida.

Mr. SIKES. Has anyone given to the House an estimate of the number of Members of the other body who were present when this measure was passed unanimously? There may not have been over 3 or 4 present.

Mr. MAHON. I am not so sure about that; neither has anyone given us the number of accountants who would have to be trained and employed by the Government in order to be sure we did not spend more on ballistic missiles this year than we estimated a year ago we would spend.

Yes, man's inhumanity to man makes countless thousands mourn. I just regret to see one committee of the Congress which does not operate in this area go to another committee of Congress and try to compel the members to do something they think is harmful to the people of this Nation. It is unthinkable, it is indefensible. If the members of the Committee on Appropriations have come out against this proposal, and they have, do you mean to say that the House of Representatives is going to kick them in the teeth and say, "No, you have to follow a procedure which would tend to bring about less fiscal responsibility"? I just do not think you are going to do it, and I will tell you why.

The great bill, H. R. 8002, that was approved unanimously by the other body is no longer in existence in the House. It has been repudiated and a complete substitute has been written. I know some Members are embarrassed because when people urged them 3 or 4 years ago to save billions of dollars and to recapture the purse strings they said, "Sure, I will be for that." So they were more or less placed on the hook. But that bill has been written off and every man is again a free agent in this House. H. R. 8002 is now dead and he has no chance to vote for it. If he has made the mistake of pledging himself for H. R. 8002, he can look up the record and say that the bill H. R. 8002, the bill to which they refer, is no longer in existence except for the magic number. The Members of the House are now free again to vote their convictions based upon a better understanding of the issues than they had when they unwisely, yet in utter good faith, promised to vote for H. R. 8002.

So, my friends, what shall we do? I think I know what you are going to

do. This wise House of Representatives which usually works its will and does the right thing, this wise group of men, each elected to represent several hundred thousand people—what are they going to do? They are going to say here is something that vitally affects the taxpayers and the defense program—here is something upon which there have been no hearings—here is a bill that was not even printed until last night in the RECORD—and they are going to say, "We are going to send this bill back to the Committee on Government Operations for further study." Is that not what you think they are going to do? I think they will do it. That would be orderly procedure. Has the Committee on Appropriations and have I, my friends, as chairman of the subcommittee which is most vitally affected by this bill, done anything to warrant a vote of no confidence by the Members of the House of Representatives? Let me warn you of this. Had this limitation on defense spending, as advocated by this bill, been in operation for the current fiscal year, and had we placed this limitation in this bill last year, my friends, when sputnik went up, if you had had these limitations you would be facing a battle at the polls in November that the Committee on Appropriations has spared you from. Let me point out this to my friends in the House. The Bureau of the Budget last May, or along about that time, placed into operation an expenditure limitation in the Defense Department. Sometime thereafter, the Bureau of the Budget said to the officials of the Department of Defense: "You cannot spend more than \$38.4 billion in the fiscal year 1958." That is what was said. Sometime ago I put in the RECORD a long list of slow downs and cutbacks, and believe me I am glad they are on somebody else's shoulders than yours. Had they been placed on your shoulders I would have felt partly responsible. Had that limitation been in the law and had it been written in the defense bill, where would you have been last fall? You would have been apologizing to your constituents and imploring the Speaker and praying to the Almighty to let you return to Washington quickly and undo this defense limitation, which was slowing us down at a critical moment. And that would have been at a time when we were being embarrassed before the nations of the world. Let us stand forth like men today and not like weak people who have been placed in a position where we cannot do our will because of the magic number, 8002.

Mr. JOHANSEN. I wonder if the gentleman in the light of his eloquent concern for the prerogatives of the various committees will manifest and express that same concern come the next time the Committee on Appropriations assumes the prerogative of increasing the ceiling on super grades without regard to the Committee on Post Office and Civil Service.

Mr. MAHON. My friend makes a good point but let us be super grade Congressmen today and downgrade this deceptive, inexcusable and indefensible

proposal. And, it was this Committee on Appropriations, and with the support of my able friend from Michigan, that last year made some very sharp reductions in defense appropriations—but we gave defense officials sufficient elasticity to operate in the days after the sputnik of the Soviet Union went into orbit in the heavens.

Mr. SCRIVNER. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield.

Mr. SCRIVNER. Would the gentleman from Texas, as chairman of the Subcommittee on Military Appropriations, be able to give the Congress and this House of Representatives in particular, any estimate as to the number of hundreds of thousands of contracts that would have to be evaluated in order for us to set a limitation on spending?

Mr. MAHON. I do not know how many tens of thousands of contracts you would have to check on. You would have to check on every little businessman with a subcontract just before the end of the fiscal year. You would have to say to him, "Listen, you cannot deliver this. You had better slow down here. You had better turn off some men there." It would be a most unfortunate type of faulty and wasteful man-hour-killing operation. Let us hold our ground and insist upon legislating in the public interest.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. FASCELL. Mr. Chairman, I yield 3 additional minutes to the gentleman from Texas.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield.

Mr. ROGERS of Florida. The gentleman stated that he was very much concerned as were we all by the limitation as put on by the Budget Department and the Defense Department.

Mr. MAHON. For the current fiscal year.

Mr. ROGERS of Florida. Yes. And you drew the analogy that any limitation put on by the Congress would stop the work in the Department of Defense. But, the gentleman failed to reveal to the House that any limitation placed by the Committee on Appropriations on any appropriation, or by the Congress, under the proposed Wigglesworth amendment, would be a limitation that had been justified and not an arbitrary limitation. Then, if they anticipate a breakthrough they could advise the committee and action could be taken, or you could come back as you presently do and as we have done this year, and get a supplemental.

Mr. MAHON. But does not the gentleman want the Defense Department to proceed as rapidly as possible to build ballistic missiles, the Thor and the Atlas? Does not the gentleman want destroyers for antisubmarine warfare built as quickly as possible? Why place a limitation? Let us rather press for quick action and more efficiency.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield.

Mr. SIKES. I regret to find myself in disagreement with my distinguished colleague from Florida [Mr. ROGERS] and the distinguished gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. MAHON. But the gentleman has had a great experience in this field.

Mr. SIKES. Is it not true that H. R. 8002 has, apparently, already lost most of the support which it had at the time that it was approved by the Committee on Government Operations and today support for a change is largely divided between the Wigglesworth substitute and the Taber amendment? Actually, the Wigglesworth substitute was not brought to the attention of the Members of the House until this morning. It is a complicated measure. We cannot possibly have time to analyze it and decide how it would apply if it were enacted. On the other hand, the Taber amendment has been available for a week. Copies have been supplied each Member of Congress. It appears that the Taber amendment is definitely an improvement over either of the other proposals and that it would add to the present operating procedures of the Congress. If a change were to be voted, this would be by far the most desirable of the three alternatives which are offered here today. From my standpoint, I must state that I believe the entire matter should be recommitted to the Committee on Government Operations for further study.

Mr. MAHON. The Taber amendment is a good proposal. It will certainly be supported by a majority of the members who oppose H. R. 8002. We will support the Taber proposal. So I just warn my colleagues that now is the time not to do something that we will later regret. I think I ought to know enough about this, because I have dealt with this through long years before the able gentleman from Florida and one of my best and most esteemed friends was a Member of this distinguished body.

Mr. ROGERS of Florida. I bow to the gentleman's great record, and I commend him. I inherited great respect for the gentleman and every other member of the Appropriations Committee. This is certainly no attempt at any castigation of members of the Appropriations Committee.

Mr. MAHON. Forty members of the 50 members of the Appropriations Committee say it is not the way to achieve efficiency and economy in Government. They happen to be Members of Congress who will be mostly affected by the proposed measure.

The CHAIRMAN. The time of the gentleman from Texas [Mr. MAHON] has expired.

Mr. BROWN of Ohio. Mr. Chairman, I yield 7 minutes to the gentleman from Indiana [Mr. BROWNSON], a member of the much-maligned Committee on Government Operations.

(Mr. BROWNSON asked and was granted permission to revise and extend his remarks.)

Mr. BROWNSON. Mr. Chairman, we are here today seeking an effective means for congressional control over the annual rate of Government expenditures.

As a member of the Committee on Government Operations, I voted for H. R. 8002 when it was reported unanimously by the committee over 8 months ago, last June 17, in fact. As a member of that committee, I rise in support of this Hoover Commission legislation today.

I supported the Wigglesworth amendment in our committee this morning as a justifiable compromise necessary to improve H. R. 8002 and increase the chances for its passage. I shall vote for the Wigglesworth amendment tomorrow and vote in favor of the amended bill, which I consider to be one of the most important pieces of legislation to come before the 85th Congress.

One of the primary objectives of the Hoover Commission was the establishing of a procedure which would, first, provide for an annual congressional review of appropriations granted in prior years; and second, give the Congress a positive control over annual accrued expenditures from both current- and prior-year appropriations. H. R. 8002, as amended by the Wigglesworth amendment, is designed to meet this objective.

In President Eisenhower's budget message to Congress presented on January 14 of this year, he made specific reference to the legislation we are considering today. President Eisenhower said:

Legislation now pending before the Congress to place Government appropriation requests on an accrued expenditure basis should be enacted, in accordance with the recommendations of the Hoover Commission. This is a businesslike approach, and it is hoped that the opposition that developed in the past will be withdrawn as a result of further study and modifications in the way the procedure is to be applied.

H. R. 8002, as originally introduced, is not a complicated bill. In its printed form it is only 84 lines long. The substitute amendment proposed by the gentleman from Massachusetts [Mr. WIGGLESWORTH] is available in this morning's CONGRESSIONAL RECORD and at the pages' desk in mimeograph form. It is only 32 lines long as reproduced, and is accompanied by a section-by-section analysis. The whole document fills only 2½ pages. I am sure the distinguished gentleman who just spoke with such enthusiasm of the need for haste, speed and urgency in the missile program will be able to digest this 2½-page synopsis in time to vote tomorrow, dedicated as he obviously is to rapidity in all things.

What does H. R. 8002, as amended by the Wigglesworth amendment, actually do?

It will provide for an improvement in the means for congressional control over the annual rate of Government expenditures.

It will minimize confusion over the size of each year's budget.

It will require an annual review with positive action to be taken each year by the Congress on both existing and proposed programs. Under the present appropriation method, no further positive congressional action is required on entire programs or portions of programs for which appropriations were granted in prior years but on which work is presently being performed.

It will provide that the annual accrued expenditure basis for stating appropriations be on a trial basis until April 1, 1962. Any problems encountered during this period which cannot be solved through administrative procedures can be considered for legislation when extension of the authority beyond April 1, 1962, is being considered.

It is equally important to realize what H. R. 8002, as amended by the gentleman from Massachusetts does not do.

It does not change existing law with respect to the method or manner of making appropriations, authorizing or approving programs or projects.

It does not handicap the efforts of the Appropriations Committee to control Government spending. Rather, it helps the committee. The estimated cost of each program will be submitted in the agency budget statements, in total and by years. On the basis of the total estimated costs and the planned program showing the financing required each year, the Appropriations Committee can make its decision as to the scope of work to be performed in any year and accelerate, decelerate, or stop the rate at which the program is being performed. The Appropriations Committee would, as a necessary procedure under the annual accrued expenditure limitation basis, review program accomplishments and total estimated cost each year that the program is being performed.

It does not constitute a mere book-keeping device. This is a financial tool, a means of providing congressional control over the annual rate of Government expenditures in relation to the Congress' decision, in the light of conditions each year, regarding the balancing of the budget.

Mr. Chairman, it is difficult to follow in debate an orator of the ability of the gentleman from Texas [Mr. MAHON], the distinguished chairman of the influential Subcommittee on the Department of Defense of the powerful Committee on Appropriations. I cannot help but recall the anecdote told by Lincoln as he discussed the force and vigor of his critics:

I guess I'm like the chap who was riding along a backwoods trail and was caught in a storm. He kept plodding ahead until his horse gave out and then it grew dark. He had only the lightning to show him the trail. The thunder was terrifying and when one bolt seemed to crash at his very feet, he fell on his knees.

"Oh Lord," he prayed, "if it's all the same to You, give us a little more light and a little less noise."

Much has been made in the debate today of the point that the Wigglesworth amendment represents an abandonment, a clever feint, a deception. It is nothing of the kind and anyone who takes the trouble to read the analysis available here to all the members can satisfy himself as to its integrity and its evolution. No essential principle of the original Hoover Commission recommendation has been betrayed. You have heard others in this debate quote to you the favorable reaction of members of the Hoover Commission to the bill, as amended. Those who seek to advise us to ignore the heavy flood of mail favoring H. R. 8002 from civic groups, from interested citizens and

from followers of the Citizen's Committee for the Hoover Report on the basis of the Wigglesworth amendment must shoulder a tremendous burden of proof.

Under the Legislative Reorganization Act of 1946 a very real relationship was established between the legislative, or authorizing committees of the House, the Committee on Appropriations and the Committee on Government Operations, at that time known as the Committee on Expenditures in the Executive Departments. We of the Government Operations Committee are, today, accused of trafficking with the Committee on Appropriations. This deference to the viewpoint of that great committee is not sinister. It represents, rather, a degree of cooperation which might well set a pattern for future relationships of our two great committees. This cooperative effort was dedicated to the idea of working out a measure which would be a means toward an effective means for congressional control over the annual rate of Government expenditures. This amendment represents a studied concern on the part of many members of the Government Operations Committee for the problems of the other committees of the House. The responsibilities assigned the Committee on Government Operations by rule XI of the House of Representatives include provisions for dealing with reorganizations and for studying the operation of Government activities at all levels with a view to determining economy and efficiency.

Before I continue, I want to pause briefly to pay my respects to the gentleman from Missouri [Mr. CANNON], chairman of the Committee on Appropriations. I wish to recognize also the outstanding work of the chairmen and ranking minority members of the subcommittees and of the members of this committee on both sides of the aisle for their Herculean, I might almost be tempted to say Sisyphean labors in the interest of economy.

The gentleman from Texas [Mr. MAHON] spoke movingly and at great lengths concerning his fears for the country should H. R. 8002, as amended, be passed. I am sure he is very sincere and that these fears are very real to him. I was moved when he quoted that great passage from the 23d chapter of Exodus, verse 2, "Thou shalt not follow a multitude to do evil." Had my knowledge of Scripture been more sure, had the debate at that point not have been so tense, and had I thought of it in time, I would have liked to have referred him to chapter 23, verse 4, of Exodus which explains the interest of the House Government Operations Committee in this legislation.

The gentleman from Texas [Mr. MAHON] has a long background of experience in the field of appropriations for which I respect him. I find however, I cannot always follow his leadership, for I cannot help remembering when he took the floor last year in opposition to the attempt of the gentleman from New Jersey [Mr. CANFIELD] to restore \$313 million to the Defense Department appropriation. The first important action we had to take this session was to appro-

priate \$1.3 billion for the same agency in a supplemental.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. BROWNSON. I yield briefly to the distinguished gentleman from Texas.

Mr. MAHON. It was in an effort to control expenditures and keep control of the purse in the Congress that we made these reductions. The \$1.3 billion was lifted out of the budget for fiscal 1959. The testimony is unequivocal and plain that not \$1 of the \$1.3 billion was in restoration of one single dime cut from the appropriations last year. That ought to be perfectly clear.

Mr. BROWNSON. It is possible that I confused the remarks of the gentleman from Texas [Mr. MAHON] with statements from some of the gentleman's colleagues from the Democrat side of the aisle made during the recess which castigated the administration for not spending more on missiles.

Mr. MAHON. I do not believe any member of the Appropriations Committee will bear out the gentleman's statement. I know of no one who says that we restored the cuts made last year.

Mr. BROWNSON. The gentleman does agree, however, that he took a position in opposition to the amendment restoring \$313 million to the Department of Defense, last summer.

Mr. MAHON. Yes, and I stand firm on that position today; and I think the gentleman from Kansas will confirm what I say.

Mr. SCRIVNER. If the gentleman from Indiana will yield, the gentleman from Texas is correct. None of the money contained in the \$1.3 billion appropriation this year was to restore any of the funds out from the bill last year, none.

Mr. BROWNSON. I thank the gentleman from Kansas [Mr. SCRIVNER] for his contribution. It is still apparent, however, that it was necessary to rush through a supplemental of \$1.3 billion in January in order that the Defense Department might have additional funds.

If the appropriation process is perfect as it operates today, there is no need for H. R. 8002 or the Wigglesworth amendment. If interest in economy is dead in the Congress, as many cynics find it fashionable to say this year, this bill has not a chance of passage.

Last year's budget request for \$71.8 billion shocked the voters. They will be even more alarmed when they find out that we will spend vastly more before this fiscal year is over, as a result of authorizations and appropriations passed in previous years.

There has not been as much economy mail this year. Is it because of the sputnik or is it because our taxpayers are frustrated, disillusioned, and cynical as they watched Congress cut almost \$5 billion from total appropriations requested for fiscal 1958 to no avail? I voted for many of these cuts in nondefense expenditures. In fact, for some \$3 billion more than the House sustained. Yet, we find that more than the budget total of \$72 billion will be spent by the executive department this year. If this is congressional control over Federal

spending, if this satisfied you and your constituents, vote against this bill.

This bill that comes before you is the considered judgment and the carefully developed recommendation of a committee of this House—the Committee on Government Operations—which voted unanimously to report it. Hearings have been held. The bill has been deliberated in subcommittee, debated in full committee, and the Wigglesworth amendment was submitted this morning to the whole Committee for consideration as a substitute.

Again, I assure you that the Wigglesworth amendment carries out the fundamental principles of H. R. 8002. It has been drawn to overcome the objections of defense contractors and of some of the distinguished gentlemen of the House Committee on Appropriations. It is a carefully written attempt to perfect the legislative principles of H. R. 8002 and to meet objections raised in good faith.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. BROWNSON. I am happy to yield briefly to the distinguished gentleman from Wisconsin, a member of the Appropriations Committee.

Mr. LAIRD. Is it not true that the substitute seeks to meet some of the objections to the original bill, but there is a different kind of approach?

Mr. BROWNSON. I agree there have been some compromises, but I do not believe the basic approach has been changed. We had to make some compromises in the substitute to make it agreeable to the gentleman of the Appropriations Committee.

Mr. LAIRD. The gentleman refers to the Appropriations Committee. Was not the only "persons" you went to one of the members?

Mr. BROWNSON. My "gentleman" was singular. I hope that when we vote tomorrow it will be gentlemen.

Mr. BROWN of Ohio. Perhaps the gentleman he refers to discussed the matter with other members of the Appropriations Committee; in fact, I am sure they did.

Mr. BROWNSON. I thank the distinguished Member from Ohio [Mr. Brown], member of the first and second Hoover Commissions. I also want to thank him for the additional time he has yielded to me over and above my 5 minutes.

Is there a need for this bill? May I quote from the report on this bill which was issued by the Committee on Appropriations in the name of the gentleman from Texas [Mr. MAHON]. He makes a point which I think is one of the most effective arguments you could possibly summon for the passage of this bill. May I quote:

It is true that large unexpended balances are in the hands of the Department each year and that in the annual appropriation bills the Congress does not now exercise direct annual control over their annual rate of disbursement.

I urge the membership to support this bill tomorrow. I hope this is only the start of Hoover Commission recommendations which will be brought to the

floor for passage during this session. A year ago this week I introduced H. R. 5792, to create a Supply and Service Administration in the Department of Defense; H. R. 5808, to establish a Federal policy concerning the termination, limitation, or establishment of business-type operations of the Government which may be conducted in competition with private enterprise; and H. R. 8097, for improvement of management and technical personnel in the support activities of the Department of Defense.

If H. R. 8002, as amended, is not a cure-all, it is at least a sound step in the right direction. The tradition of uncontrolled Federal spending which is so revered by some is one tradition to which this House need no longer pay homage.

Mr. BROWN of Ohio. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. MICHEL], a member of the committee.

(Mr. MICHEL asked and was given permission to revise and extend his remarks.)

Mr. MICHEL. Mr. Chairman, I cannot help but have a feeling of inadequacy as I stand here in the well of the House—a member of the “class of 85”—to take a position so diametrically opposed to that of the distinguished chairman and ranking minority member of the Committee on Appropriations. I must confess that these 2 distinguished gentlemen were taking their first oaths of office as Members of this House when I was but a 3-day-old babe in mother's arms back in Peoria, Ill. It would come with poor grace for me, therefore, as a new Member of this body, to condemn without reserve the appropriating processes developed over the years. I would be foolish indeed to pit my youth and comparative inexperience against the wisdom of time displayed by the gentlemen from Missouri and New York. But, lacking the authority of long personal experience, I have called upon the experience of others, notably the most venerated of our elder statesmen, the former President of the United States, Mr. Herbert Hoover, and a number of other distinguished Americans. Without such backing, I would not risk taking the stand I am taking today.

Notwithstanding the high regard I hold for the Members of the Appropriations Committee and others in this House who have so strongly opposed the bill before us today, the testimony taken by the subcommittee of which I am a member compels me to support the bill. I am reminded of the many, many speeches I have heard in this House in my brief membership, and the almost countless pages of the RECORD devoted to economy in Government. And, I might add, some of the very Members who today oppose this bill have been the most vocal in the past in their demands for an end to waste and a return to congressional control of the purse strings.

Mr. Chairman, I must confess that shortly after our committee voted out this bill, with my support, I was astonished at the weight of argument mustered against the proposal. For a time, I was disturbed at my own vote, and questioned sincerely whether I had done

the right thing. The voice of the opposition was loud, rang out strongly, but was somewhat unclear. The voice of those who supported the bill was equally loud—but the echoes of the opposition rebounded, and confusion resulted.

Then, in the quietness of my own office, I began to reread and to study the generally circulated statements of those who so strongly opposed the bill. This morning we received statements issued by the gentleman from Washington [Mr. MAGNUSON] which said in part, on page four:

Each year, the appropriations committees spend many weeks going over in great detail what the Army has done with the money previously given it, as well as over proposed future programs. Congress has considerable power of review, readjustment and rescission over appropriations for long lead-time articles and uses it.

In a statement received from the distinguished gentleman from New York [Mr. TABER] a few days ago, there is the following quote:

The standing rules of the House, however, do not now contain authority for the Committee on Appropriations to rescind, transfer, or reappropriate such unexpended balances found to be no longer needed for the original purpose.

Now, Mr. Chairman, one of these two statements must be correct, the other a contradiction. And, it is because of this very confusion in the House—confusion reflected in the thinking of the great majority of Americans—that I so strongly reaffirm my support of H. R. 8002 as we hope to have it amended by the Wigglesworth substitute. It is my sincere belief, a belief based on an overwhelming weight of evidence supplied by the outstandings servants of our country, who served on the Hoover Commission, and upon the evidence supplied by the very gentlemen who so strongly oppose the bill, that this measure must be enacted.

It may not be a cure-all for our Nation's ills, but I think it will be a positive step in the right direction by way of restoring to the Congress more strict control of the Federal purse strings.

Mr. FASCELL. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. SANTANGELO].

Mr. SANTANGELO. Mr. Chairman, I oppose enactment of H. R. 8002 as presently constituted and support the Taber amendment because it carries out the objectives of H. R. 8002.

The bill before us, H. R. 8002, proposes to try over a brief span of years a change in some labels attached to the appropriation of Federal money. The plan is temporary, for a trial period, and allows the different departments of the Government to conform with its requirements at such times as the President, the department—or the Congress—find convenient.

The trial period might expire before some major departments had been able to come under the terms of the proposed statute. The bill is definitely only in one respect: It will change the appropriations process label to some words beloved of accountants for private industry, namely “accrued expenditures.”

The details of the procedure to be followed by the Appropriations Committee and the Executive are left to the future to be worked out by the President in his budget submissions and the Congress in its appropriation acts. The congressional intent is so lacking in precision that, a senatorial uncertainty about a crucial point was referred to the Hoover task force which recommended the legislation.

Senator KENNEDY. The unobligated authority would lapse. Isn't that your position?

Mr. BRUNDAGE. As I understand it, that was left open—you might check with Mr. Stewart of the Hoover Commission—for decision by the President. (P. 50, Budgeting and Accounting, hearings, Senate Government Operations.)

The bill is proposed as a means to improve congressional appropriations procedures, without a clear idea of what the new procedure would be. And, without a very clear conception of what procedures the Appropriations Committee now follows. The present procedures are neither illogical nor difficult to discover. A witness for the accrued expenditure proposal, the former Secretary of the Treasury, after 2 years' experience with his own appropriation bill, went so far as to tell the chairman of his appropriation subcommittee, a Congressman with 6 terms of experience on the Appropriations Committee, that the Congressman was wrong in saying that committee already achieves one of the aims of the accrued expenditures bill, in considering the effect of each appropriation act on the Government's deficit or surplus.

The original bill, H. R. 8002, makes a change in name for appropriations procedures, with no assurance that any difference will be made in the actual procedure. But worse than that, to the extent that procedures are changed, they will work against economy in Government, and will prove disturbing to business.

The proposed procedure does nothing whatever about the substantive legislation which is the source of the programs to be financed by the appropriations or other authorization procedure. But the cost of Government depends finally on what programs it undertakes. The most expensive programs would in fact become more expensive, to the extent that the procedures of H. R. 8002 were put into practice.

The reasons are simple enough. A program requiring more than 1 year to complete would not be financed at the beginning of the program but would be financed as the program developed.

The first consequence is that most Congressmen would see a less complete statement of total cost than under the present methods, when beginning a new program. Programs that require a small initial installment of funds are more likely to be undertaken, even though their final cost is large, than if the full final cost is faced at the beginning.

The second consequence follows from the use of contract authorizations which are to be reexamined and possibly may lapse, at the end of each year. The business contractors for these programs—and the most expensive programs are

largely purchases from business firms—would not feel secure about the future of their contracts. They would add a risk premium to their contract price, and increase the cost of Government. The ease with which contracts could lapse would introduce the uncertainties on which are fed hesitation in business investment, unemployment, and depression.

Some of these difficulties might be overcome under the bill by making more advance payments to contractors, and including larger requests for such purposes in appropriations bills. The present bill includes advance payments among "accrued expenditures." But there are no obvious gains to the Government to be derived by putting the money in the hands of contractors in advance of work done, rather than at the disposal of the contracting Government department.

The bill is proposed as a means to reduce the unspent balances of appropriations—a bogey that has been blown to great proportions in the last 5 years as an excuse for failing to deliver on extravagant campaign promises to reduce Federal spending. In place of unspent appropriations, the bill would substitute unused contract authority. The production processes which require that the contracting agencies get obligating and spending authority for periods longer than 1 year, would not be changed by a change in the name applied to appropriations procedure. The principal change would be to introduce the uncertainty of annual lapse of contract authority, with consequent economic turmoil and loss. Obligational authority now can be rescinded, and programs previously financed are taken into account in considering in their entirety the programs for which new money is provided each year. These characteristics of the appropriations process can be ascertained readily by reading Appropriation Committee reports and appropriation bills. The present bill would not add to Congress' powers in this respect, but would add to uncertainty about congressional action. Uncertainty is assured; the authors of the bill and its Senate companion are themselves uncertain about their intent with respect to the lapse of contract authority. And uncertainty in the early stages of a recession in which there are already four and a half million unemployed, is not something to be added merely in order to use a new name for the appropriations procedure.

On the other hand I support the labor amendment which requires that each department annually submit to Bureau of the Budget a justification for continued availability of unused funds, and that the President in his annual budget message shall recommend, if he desires, such funds to continue its availability, and if so, in what manner or for what purpose he wants such funds to be used.

Mr. FASCELL. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. EVINS].

Mr. EVINS. Mr. Chairman, we have all listened to this debate with great interest and great enlightenment. I think

some very powerful speeches have already been made against the proposition. The statement of the gentleman from Texas [Mr. MAHON], the ranking member of the Committee on Appropriations, was most outstanding; also the statement of the gentleman from New York [Mr. TABER], whom we all respect and admire for his great record for economy in this House. The chairman of the Committee on Appropriations, I understand, is yet to speak on this bill.

As has been earlier indicated, the principal issue is one of method: Are we to resort to a method of purchasing on the installment basis? We all know from our own private personal experience that under the installment basis, there is a tendency to over-purchase. Furthermore I do not think this House wants to repudiate the House Committee on Appropriations or to take any action which would amount to repudiation of the Appropriations Committee. The plan advanced in this bill was advanced by the Bureau of the Budget; it is a plan favorable to the Bureau of the Budget. After consideration, as has been pointed out here, the subcommittee went thoroughly into the matter. The plan was rejected as not feasible and not practical. Now, does the Congress want to support the Bureau of the Budget or does the Congress wish to sustain the Committee on Appropriations? It seems to me that that is one of the principal issues here, the retaining of control in the Congress rather than transferring control to the executive department. The subcommittee has concluded that the plan is fraught with many defects and many disadvantages, that would make the plan impractical. The Bureau of the Budget and the other executive departments want more control. I personally want more control in the hands of the Congress, and I think that is what the Congress itself wants: more control in this House, not in the hands of the Director of the Bureau of the Budget.

Mr. Chairman, let me read briefly—and I think it is only too well to repeat—the conclusion of the committee:

It is the view of the subcommittee that the accrued-expenditure method should not be adopted. It has disadvantages and offers no improvement. This is not to infer that the present methods and processes are perfect or the best. There may be a better way to present and process the Federal budget. The best system that can be devised ought to be employed, but the proposed accrued-expenditure method is not it. The point is, there is no simple shortcut, no magic retrenchment device. No budgetary system has a built-in guaranty of economy or efficiency.

So, Mr. Chairman, I shall support the amendment offered by the gentleman from New York [Mr. TABER], the ranking minority member of the committee. I do so because I believe this amendment will formalize into law an authority which the Congress, and particularly the Appropriations Committee, should exercise. It has been a standing practice of the Committee on Appropriations to inquire into and examine the carryovers of previously appropriated funds annually when the committee considers the budget. Although the committee

and the Congress now have authority to rescind, transfer, or reappropriate unexpended balances when they are found to be no longer needed, I think it is well that we reaffirm and make clear this authority so that there can be no possible excuse on the part of those who administer the budget—the Office of the Bureau of the Budget and the executive department—to disregard such an action by the Congress. The amendment of the gentleman from New York [Mr. TABER] would merely reaffirm the constitutional rights of the Congress to determine the expenditures of our Government.

Furthermore, Mr. Chairman, the use of this authority by the committee would achieve the principal purposes desired by the supporters of H. R. 8002—that is, effecting savings and economies; and it would do so without producing the confusion which would result from introducing an entirely new system of accounting and budgeting. It would do so without changing the present methods and procedures of the committee or the Congress, while maintaining the constitutional authority of the Congress in the field of appropriations.

So, Mr. Chairman, I think this House should sustain the Committee on Appropriations. They should not repudiate the actions of this committee but rather should strengthen it. It should not weaken its position in respect to the Bureau of the Budget.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. EVINS. I yield to the gentleman.

Mr. H. CARL ANDERSEN. Mr. Chairman, I wish to compliment the gentleman on his statement. I was glad to hear him repeat the statement of the gentleman from Texas [Mr. MAHON] that a vote for this legislation would be in effect a vote of nonconfidence in the great Committee on Appropriations. Forty of our committee are opposed to H. R. 8002 and the Wigglesworth amendment.

Mr. EVINS. Mr. Chairman, I thank the gentleman. I think we all should strengthen the hands of the Congress.

Mr. BROWN of Ohio. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. McVEY].

(Mr. McVEY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. McVEY. Mr. Chairman, we have before us today H. R. 8002. This measure would provide for improved methods of stating budget estimates, and would provide for an annual review by Congress of all unspent funds. The National Citizens Committee for the Hoover Report believes that the enactment of such legislation would be a decided step toward economy in Government. The citizens of our country have been aroused by the many news stories and editorials which have appeared throughout the country and are deluging their Congressmen with mail urging them to support this bill.

There is much to be said—both pro and con—on this highly controversial legislation. Proponents and opponents are equally vociferous in their approach

to this all-important subject. Since there is a present more than \$70 billion unspent which has already been authorized by the Congress, proponents of the bill are adamant in their demands that Congress should review these unspent funds annually. One glaring example of the need for such a review is that the Army is still spending part of the \$12.5 billions which was authorized for the Korean war, although that was ended 4 years ago.

In the President's budget message to the Congress, he again recommended that Government appropriations' requests on an accrued expenditure basis should be enacted. He stated that it would be a business-like approach, and that the effort to effect economy would be greatly helped by the passage of this bill. H. R. 8002 has, also, been endorsed by the former Secretary of the Treasury, the Director of the Budget, the Comptroller General of the United States, the American Institute of Certified Public Accountants, and many other experts on accounting and budgeting, both in and out of Government.

One feature of H. R. 8002 would change the present system with regard to an item veto. As it now stands, appropriation bills must be either approved or disapproved in their entirety. Many items are included in each appropriation bill; and whether they have merit or not, individual items cannot be deleted from the whole appropriation.

Since the Departments do not have to return any unspent balance to the Treasury Department at the end of the fiscal year, or ever, it appears to me that Congress will have to do something to keep track of the money that is actually being spent. This measure, H. R. 8002, would enable Congress to check up every year on every department and to provide limitations. Such action would return the control of Government spending to Congress, and this would mean returning it to the taxpayers. If we wish to control the spending of our money, it would seem to be necessary to adopt the suggested budget reforms included in H. R. 8002, one of which would be an annual review of all unspent funds. The Hoover Commission estimates this would reduce the waste of tax money by \$1 billion a year.

Mr. BROWN of Ohio. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. COLLIER].

(Mr. COLLIER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. COLLIER. Mr. Chairman, I rise in wholehearted support of H. R. 8002 as one of the most vital measures yet to come before this House and one which if we fail to pass today, we as a Congress will have been remiss in our duty to our fellow citizens. The very importance of this measure leaves me a little overwhelmed at the weight of the arguments from both sides of the aisle and on every possible side of the issue before us today. I have heard statements on the floor today that show a remarkable degree of scholarship and a deep concern over the subject at issue.

What concerns me so deeply is that so many distinguished gentlemen, so obviously and sincerely students of the subject could be so diametrically opposed to each other and yet so convinced in his own mind that each is right.

This controversy has been going on throughout my brief tenure as a Member of this House. Almost every week for over a year I have been receiving in the mail arguments both for and against adoption of this measure. These mailed arguments rang also with the true tone of sincerity. They, too, showed deep concern and excellent scholarship. But the sum total of those arguments, like the total of the arguments I have heard here today, would tend to leave me in a position of fighting with myself if it were not for one simply and overwhelmingly important fact.

That fact, Mr. Chairman, is this: H. R. 8002 was written to end the confusion which so apparently reigns over how and by whom our money is appropriated and spent. The reason for the apparent soundness of all arguments on all sides of this question stems from the fact that there has been so much confusion in the past over how money is appropriated and whether, once appropriated, the money is properly spent. This bill would restore to the individual Members of Congress—and also the Bureau of the Budget—a tighter control over expenditure of Federal funds.

If it would do nothing else, H. R. 8002 would end the confusion which surrounds this vital subject and would give the Congress time to sit down and work out those points which so obviously are still in dispute. And unless it is adopted, this confusion will continue and will increase beyond the point of endurance.

Until Members of Congress once again reassert control over the national purse we can expect nothing but irresponsibility in the asking and spending of tax money. The responsibility is ours to end this confusion and put the Nation back on the right path. I believe sincerely that this bill will be a major factor in accomplishing that.

Mr. BROWN of Ohio. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. MEADER], a member of the committee.

(Mr. MEADER asked and was given permission to revise and extend his remarks.)

Mr. MEADER. Mr. Chairman, I regret that the confidence of the House in the Appropriations Committee or matters of personality have been injected into the debate on this measure. I think we should have been talking about the language of the measure that is here before us.

I think Members should give careful consideration to the Wigglesworth amendment and the second clause under (c), which starts out with these words:

Whenever an appropriation is subject to a limitation on annual accrued expenditures.

Can you think of any way that a limitation upon an appropriation can be made except by the recommendation of the Appropriations Committee and the action of the Congress itself?

It has been argued that this measure would hamstring and interfere with the work of the Committee on Appropriations. But you cannot get that meaning out of language which is permissive and discretionary, as is the case with the language I have just read.

It may be pointed out that in section B (b) of the Wigglesworth amendment the President in sending up his budget, where he is satisfied that an accrual accounting system is satisfactory, is required to make a proposed limitation on annual accrued expenditures. But that does not become law. It will not become law until the Appropriations Committee itself and the Congress, upon the recommendations of the Appropriations Committee, impose a limitation upon annual accrued expenditures.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I am glad to yield to the gentleman from Texas, because I think he should explain to the House how the language used in the Wigglesworth amendment can be any interference with the proper functioning of the Committee on Appropriations.

Mr. MAHON. Is it the interpretation of the gentleman from Michigan that the Wigglesworth substitute would require the Executive to submit this accrued expenditures budget with the limitation to the Congress?

The bill before us, as I understand the gentleman's interpretation, would not require the Congress to fix any limitation whatever. It would be wholly discretionary with the committee.

Mr. MEADER. Not just the committee but the Congress.

Mr. MAHON. Yes, the Congress. In other words, the Wigglesworth substitute would not make it mandatory that the Congress fix any limitation whatever. Is that the gentleman's interpretation?

Mr. MEADER. I certainly cannot read anything else in the language except exactly that. Can the gentleman see any other meaning to it?

Mr. MAHON. That was my interpretation, but I gathered the impression from some of the others that the Wigglesworth substitute would make it mandatory that the Congress fix an expenditure limitation on the appropriation bills. However, I think that the gentleman feels that there would be no compulsion or no mandatory requirement that the Congress fix any limitation whatsoever on expenditures.

Mr. MEADER. I am doing nothing more than to read the language of the Wigglesworth amendment. It seems to me its meaning is very plain and unambiguous.

As I say, I am sorry that the reputation of the Appropriations Committee or any of its members, whom we respect and admire, has been brought in to this discussion to influence the judgment of the members of the committee on this debate.

Being a member of the Committee on Government Operations, I am somewhat unhappy that it has been suggested there is an attempt by the Committee on Government Operations to invade the

jurisdiction of the Appropriations Committee.

Those who have served on the Committee on Government Operations know that committee has precious little legislative jurisdiction. One of the legislative responsibilities the Committee on Government Operations, however, is the Budget and Accounting Act, which is exactly what is before us. It is the only committee in the Congress which has the authority to report out improvements in the management of unexpended balances of appropriations.

Of course, the Appropriations Committee sometimes writes legislation into its appropriation bills, but it does not have jurisdiction to amend the Budget and Accounting Act. It should not be regarded as an invasion of the jurisdiction of a sister committee that the Committee on Government Operations has reported this reform.

I hope we will get back in this debate to talking about what we are doing and stop attempting to stir up jurisdictional disputes between committees and arguing on a basis of personalities.

Mr. BROWN of Ohio. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. WESTLAND].

[Mr. WESTLAND addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. WESTLAND asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, the gentleman from Missouri [Mr. CANNON] has stated on many occasions his objection to this legislation. The gentleman is also well known for his views on the construction of additional large aircraft carriers for the Navy. On February 18, the gentleman assured the Members of this body that our national defenses lead those of the Soviet Union in only three categories, "supercarriers, tomahawks, and scalping knives"—page 1984 of the CONGRESSIONAL RECORD, February 18, 1958.

In view of the relatively short span of time required for the production of tomahawks and scalping knives, I assume that the passage of this legislation would not affect our margin of superiority. In the matter of the large carriers, however, it seems that the gentleman's own experience might be somewhat instructive. Let me preface my remarks by disclaiming any particular expert knowledge in the military field—the comments which follow are simply intended to illustrate a point.

Last year the Members of this body voted an appropriation of some \$300 million for the construction of a nuclear-powered 85,000-ton aircraft carrier. This ship would be the largest ever built and was intended by the Navy as a prototype for five others of its class. The gentleman from Missouri was not numbered among the supporters of this project.

On January 21 of this year it was reported by the press wire services that the

committee of which the gentleman is chairman had second thoughts in this matter. A motion was introduced in the committee which would have rescinded the unspent appropriations for this ship, and this motion failed to carry on a tie vote of the committee, it was reported. It is interesting to note that between \$80 million and \$100 million had already been spent. It is all the more interesting to note that the first plate for the keel of that ship was only laid last month. In other words, between one-quarter and one-third of the total appropriation was spent before the first rivet was driven or the first plates welded for this vessel. We may only speculate as to how much of this money was spent in haste precisely to forestall reconsideration of the whole program, so that the gentlemen from the Navy Department might come back before the committee of this body and say, "We have already spent a great deal on this project; you will save a relatively small amount through cancellation; therefore let us proceed with the project."

Who among us can say how many billions of dollars of the taxpayers' money may have been disbursed in this casual fashion, simply because we have not been required to make a formal review of the appropriations each year? The amendment proposed by the gentleman from New York would deal with this problem of rescission of funds. Yet is that not the procedure which was attempted in January in the case of the supercarrier, and did not the motion to rescind die in committee?

I have said before that I do not claim to be an expert on military affairs, as are some other Members of this body. However, some of our previous experiences have become a matter of record. For several years, we went on appropriating funds for the Air Force's Navaho intercontinental guided missile; this was not a ballistic missile, but was the type known as a "cruise" missile. After we had spent \$800 million, the planners in the Pentagon decided last year that the intercontinental missile was the only type which should be used.

What did the taxpayers of the United States get for their \$800 million? Five missiles—five units, not five different types—which were fired at Cape Canaveral merely to obtain data concerning their propulsion systems. The last of these missiles had to be destroyed in flight last week because of a malfunction. None of them ever became operational. Are my colleagues aware that on this basis each missile cost us \$160 million? That sum would have paid for 20 B-52 bombers or for 80 Atlas missiles of the ballistic type. It is probable that some, perhaps even the greater portion, of this money would have been spent for research on the Navaho in any case; but surely an annual review, comparing that project with other missile programs, would have saved at least some of this \$800 million which is now lost forever, with no weapons to show for it.

There is, perhaps, another explanation for this fiasco. It may be that this program was quite soundly conceived, and that we should, even at this moment, be forging ahead on production of the

Navaho at the same time we are building the Atlas and Titan and preparing to build the Minuteman. It may be that the only reason the Navaho is not being added to our national arsenal is the simple fact that—thanks to outmoded budget procedures here in the Congress—last year our total Government spending had reached such staggering proportions that indiscriminate cutbacks had to be made, even in projects important to our national security.

No matter which of these hypotheses may be correct, it is evident that the entire affair would have been better handled under annual accrued expenditure budgeting. With defense programs in the billions continuing indefinitely in the future, we urgently need this system to avoid costly fiascos and insure a dollar of protection for every dollar spent.

(Mr. CURTIS of Missouri asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Chairman, I yield 2 minutes to the gentleman from Connecticut [Mr. MAY], a member of the Committee on Government Operations.

Mr. MAY. Mr. Chairman, as a member of the Committee on Government Operations, may I in 2 minutes try to bring the debate back into focus.

First of all, I want to review briefly the objectives of our committee. It is our obligation under our jurisdiction to do everything possible to see that the budgeting process operates with maximum efficiency. That, of course, is also the objective of the Hoover Commission report. That Commission has conducted exhaustive studies in this field and appears to have the support of the majority of the public. In fact, the President has implemented their administrative suggestions to the extent of 77 percent. It is incumbent upon the Congress to perform its share of the task.

To recapitulate briefly, the situation is this:

First. The bill, H. R. 8002, before us, will enforce these principles of the Committee and the Hoover Commission.

Second. We conducted exhaustive studies on this last year, and since that time, we find that there is one problem, lead-time contracts that is being corrected by the Wigglesworth amendment. I have taken a great interest in this compromise amendment because I think it affects many of the industries doing business with the Government, and by putting back this obligational authority, we straighten out that situation to a great degree. The bill then should be voted on and voted on very shortly in a favorable fashion. Finally, may I say this, that last year I was not impressed with the eloquence of the gentleman from Texas [Mr. MAHON] on the vital matters of defense that we were discussing. His eloquence resulted in cuts which were unfortunate and harmful to our defense efforts.

I am not impressed today with his arguments on H. R. 8002, although I can find some sympathy with the Committee on Appropriations. But, I say this: We are going to have economy and efficiency in Government from a bill of this nature, as amended, and that au-

thority will be left in the Congress and we will have in that regard the proper functioning of our Government in the most efficient manner that we can possibly obtain.

Mr. FASCELL. Mr. Chairman, I yield 5 minutes to the gentleman from Maine [Mr. COFFIN].

Mr. COFFIN. Mr. Chairman, I suppose that since we are on the issue of poaching on a preserve where we have no right to be, I have some right to speak. I am talking about the job the Committee on Government Operations is attempting to do. Last year we heard, and I have no doubt this coming year we shall hear, when we bring out the mutual security act quite a bit from Members on the Committee on Government Operations who have made investigations in the foreign-aid program. Now, as a person who is interested in a sound and strong mutual security program, I am sometimes uncomfortable when I hear of their findings. Sometimes I wish they did not exist, but I think the committee performs a very excellent watch-dog function which results in sounder legislation. So here I think the committee, as one of the previous speakers has said, is exercising a job properly given to it, a job which if it does not do under the budget control act, no one else can properly do. So, therefore, I submit, this question of who is going to bell the cat should be decided once and for all, and it should not be made to depend on whose ox is gored, if I can mix the two metaphores.

My attitude on this bill is one of some confusion as I have listened to the debate this afternoon. I feel the Committee on Government Operations has properly devoted itself to its task and has conducted thorough hearings and has made an intensive study. I go into this feeling that the burden of proof is upon one who would say this is not a step forward. I think it might be said that H. R. 8002 may not be a major step forward. Some people talk about this bill as being a guided missile or a ballistic missile that would rise to outer space so far as economy is concerned. Maybe it is not that. Maybe all it is is a small bore weapon. But, it seems to me we should take a chance, whether the savings are a few million dollars or many millions of dollars. In other words, I am left feeling that the burden of proof against the wisdom of making these experiments in the field of Government efficiency, even in our own House has not been sustained. I urge passage of the bill with the Wigglesworth amendment.

Mr. Chairman, I yield back the balance of my time.

Mr. FASCELL. Mr. Chairman, I yield 8 minutes to the distinguished chairman of the Committee on Appropriations, the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Chairman, let me say to my good friends who on the floor here this afternoon have expressed some apprehension that they may have been too drastic in their pointed references to the members of the Committee on Appropriations, have no concern. We have been individually and collectively put

through the shredding machine on this floor and elsewhere so frequently that we welcome any criticism from any source—parliamentary or unparliamentary.

For many months all of you have been receiving letters urging you to vote for H. R. 8002, and thereby save \$4 billion a year. Sometimes it was \$7 billion a year but always it was up in the billions.

When I went home this year, about the first man I met on the street said, "CLARENCE, taxes are getting terribly high. If you can save \$4 billion a year, why don't you save it?"

I think it is obvious to anyone that there is not a member of the Committee on Appropriations on either side of the table who would not jump at the chance to save \$4 billion a year if he could—or \$1 billion, or even \$1 a year, if there was any way in the world to do it. How absurd to say we would not save \$4 billion a year or \$7 billion a year, or any other sum if we had the slightest opportunity. On the face of it the whole built-up proposition is obviously a sham and a deception.

Now we find ourselves in a peculiar situation. Thousands of dollars have been spent in this Alice in Wonderland campaign. Offices have been leased, staffs have been maintained, and an organization built up which has for months flooded Washington with letters and in the last 3 days has sent hundreds of telegrams to the Members here on the floor. "Vote for H. R. 8002." I happen to know some of the people who are writing and telegraphing and they would not recognize a budgetary system if they met it in the middle of the public road.

Somebody paid the bill. It would be interesting to know whose money it was and what they are driving at. For here only this morning—at the last minute—they have suddenly abandoned H. R. 8002 for which they have been ballyhooing all these months and offered an amendment striking out everything after the enacting clause and substituting another bill—the Wigglesworth amendment. Nothing is left but the magic and miraculous number 8002. Everything else has been swept away by the unanimous action of the committee this morning before the House met. And the \$4 billion a year savings has gone glimmering with the bill.

Members of the House have come in here today and delivered the speech which they wrote long ago for H. R. 3002, without changing a comma, when that bill was officially abandoned by a unanimous vote of the committee hastily called together this morning.

And they are now claiming that the country wants the Wigglesworth bill and claiming that all these letters and telegrams are demanding the Wigglesworth bill. When as a matter of fact absolutely no one throughout the country ever heard of the Wigglesworth bill for the simple reason that the Wigglesworth bill has never been in print until the RECORD came out this morning and no newspaper or press association has carried a single line about it. Nothing could possibly be more absurd.

There has been a surprising reversal of sentiment throughout the country at

large. And especially by those in a position to judge the effect.

Here is a letter received last night:

RAYTHEON MANUFACTURING CO.,
Waltham, Mass., March 3, 1958.

MY DEAR REPRESENTATIVE CANNON: It is our information that H. R. 8002, often described as the "accrued expenditures bill," will soon be voted on in the House of Representatives.

It may be of some interest to you to know that this particular bill was given careful consideration by the National Association of Manufacturers, and that two committees voted unanimously to have NAM take a public position in opposition to the bill. I have been advised, however, that the policy-setting committee of NAM, with no floor decision of the matter, voted not to take any public position primarily because of the undesirability of opposing any Hoover Commission proposal.

The bill was considered in detail by NAM's subcommittee on accrued expenditures on December 10, 1957. In addition to the members of the subcommittee who were present (all of whom were officers of business corporations), the subcommittee heard from Messrs. J. Harold Stewart and Perry Shoemaker as representatives of the Hoover Commission. Despite arguments advanced by those gentlemen, the subcommittee in its wisdom voted unanimously that the bill should be opposed.

This action by the subcommittee was then reviewed by NAM's Government Economy Committee on February 6, 1958, and was unanimously approved.

It is my information that the United States Chamber of Commerce had a similar experience in considering this bill. Although it has publicly endorsed Hoover Commission proposals in the past, the Chamber decided to take no position on this bill.

The significance of these moves, of course, is that two large associations of business firms appear to have disagreed privately with the Hoover Commission as to the desirability of H. R. 8002, and have deliberately withheld public support of the measure.

Sincerely yours,

ROBERT G. HENNEMUTH.

The National Association of Manufacturers originally endorsed H. R. 8002 and urged its enactment. When the Committee on Appropriations called attention to their long years of unsuccessful experience with the system, they appointed a committee to make a study of it. That committee reported to the association's committee on Government economy, which also unanimously voted against the bill. Not content with reporting adversely on the bill the two committees declared it should be actively opposed.

The experience of the National Chamber of Commerce was almost identical. Originally they were enthusiastic in favor of 8002. When the Committee on Appropriations reviewed the actual application of the proposal over a period of years, the chamber appointed a committee which reported back that the proposal was untenable and the National Chamber of Commerce reversed its position and declined to endorse it.

Of the 50 members of the Committee on Appropriations, some of whom have been working on the budgets of the last quarter of a century, 40 oppose H. R. 3002.

They know by unhappy experience it will not work. We gave it a fair trial under chairmen from both sides of the table.

They know that instead of saving billions it will not save a dime. On the contrary, it will pile up added costs.

They know it will not reduce the unexpended carryover by a penny. We carefully check the carryover on every appropriation bill.

They know it will not strengthen congressional control of the purse strings because it is too late to stop raids on the Treasury after the obligation has been made.

And control of the purse strings is one of the prime factors in the consideration of the Wigglesworth bill.

Advocates of H. R. 3002 received a letter from Secretary Quarles just this morning, under date of March 5, 1958. It is hot off the griddle. This letter purports to approve the Wigglesworth bill. But it ties a string to the endorsement. It proposes to modify the Wigglesworth bill to grant the President authority to transfer accrued expenditure authority between appropriations. Of course, that is contrary to the whole idea of the proposition. That really would snatch the purse strings out of the hands of the legislative branch and transfer them to the executive branch of the Government.

Here is the letter in full:

DEPARTMENT OF DEFENSE,
March 5, 1958.

Reference is made to your telegraphic inquiry for comments of the Department of Defense with respect to H. R. 8002. It is understood from the Bureau of the Budget that your request refers to a proposed amended version, copy of which is enclosed.

From a reading of the amended version, the language of which we understand has been worked out with the Bureau of the Budget, it is understood (1) that whenever the President determines that a satisfactory system of accrual accounting has been established, each proposed appropriation request thereafter transmitted to the Congress shall be accompanied by a proposed limitation on the annual accrued expenditures; (2) that the appropriations would be made in the same manner as at present and would continue to be available for incurring obligations in the normal manner; (3) that the proposal does not involve the use of unfunded "contract authority" in whole or in part, and (4) that payments, or the liquidation of obligations, would be made in the same manner as at present, subject, however, to a limitation on the annual accrued expenditures for each appropriation when such a limitation is included in the Appropriation Act.

The proposed amendment also contains authority to make provision in appropriation acts for rescissions, transfers, or reappropriations of unexpended balances found to be no longer needed for their original purposes. This provision we understand would formalize a procedure which has been in existence for some time whereby rescissions, transfers, or reappropriations have been effected under new appropriation bills.

The language of section 3 of the proposed amendment which would provide for appropriations to be made, and obligations to be incurred, in the same manner as at present, is of vital importance in the Department of Defense for the proper execution of programs for the procurement and production of all major items of equipment as well as for research and construction.

However, because of the need for some flexibility to take advantage of scientific and technological progress, and to permit adjustments as necessary in various programs

funded from different appropriations, authority for transfer of expenditure limitations between appropriations within the department is necessary for the efficient and economical operation of the overall military program. Therefore, it would be hoped that the proposed amendment could be interpreted to permit the inclusion in an appropriation bill of authority to transfer, during a given year, with the approval of the President, an unexpended portion of an expenditure limitation from one appropriation to another within an executive department, provided the total expenditure limitation for all appropriations to that executive department is not amended. In our opinion, this would be consistent with the request contained in the President's budget message for the Department of Defense, with the approval of the President, to be granted authority to make transfers of obligational authority between appropriations. While the legislative history, including floor debate, might make this clear, you may find it desirable to add clarifying language on this point.

In the light of the foregoing understandings with respect to the effect of the proposed amended version, and subject to the comment with respect to transfer authority, the Department of Defense supports the amendment as is in accord with the program of the President.

Sincerely yours,

DONALD A. QUARLES,
Deputy.

Mr. LIPSCOMB. Will the gentleman yield?

Mr. CANNON. That is the very proposition the President urged in his recent budget message. The President has asked for authority to transfer between appropriations, and even between the services in the Defense Department, up to \$2 billion in 1959. And that is only the beginning. Listen to what Budget Director Brundage said only last January 13:

I believe Congress ought to make all these appropriations to the Secretary of Defense. I think that would be the ultimate solution to part of this trouble.

You see what they want is for us to give them a blank check for \$40 billion. And they will spend it to suit themselves. Talk about control of the purse. Mr. Brundage, and the President, support H. R. 8002 and then turn around and ask for a blank check.

May I say in conclusion—

Mr. LIPSCOMB. Mr. Chairman, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from California.

Mr. LIPSCOMB. Would the distinguished chairman of the Appropriations Committee mind informing me to whom the letter from which he read was addressed?

Mr. CANNON. I will put the entire letter in the RECORD.

Mr. LIPSCOMB. Would the gentleman mind informing the House to whom the letter was written?

Mr. CANNON.—

"Hon. GLENARD P. LIPSCOMB,

"House of Representatives,

"Dear Mr. LIPSCOMB."

In conclusion, Mr. Chairman, we can not escape the conclusion that the bill H. R. 3002 is the most flagrant deception ever perpetrated on the American public. The fraudulent character of the pro-

posal has been convincingly demonstrated on the floor here this afternoon and is corroborated by the unanimous action of the committee in discarding it just as the House is preparing to take it up for consideration this morning.

(Mr. KNOX (at the request of Mr. BROWN of Ohio) was given permission to extend his remarks at this point in the RECORD.)

[Mr. KNOX's remarks will appear hereafter in the Appendix.]

(Mr. MINSHALL (at the request of Mr. BROWN of Ohio) was given permission to extend his remarks at this point in the RECORD.)

[Mr. MINSHALL'S remarks will appear hereafter in the Appendix.]

(Mr. BASS of New Hampshire (at the request of Mr. BROWN of Ohio) was given permission to extend his remarks at this point in the RECORD.)

[Mr. BASS of New Hampshire's remarks will appear hereafter in the Appendix.]

(Mr. BATES (at the request of Mr. BROWN of Ohio) was given permission to extend his remarks at this point in the RECORD.)

Mr. BATES. Mr. Chairman, for many years Members of this House have recognized the clearly evident fact that we have relinquished much of our constitutional authority. The march of time bringing with it enlarged and complex problems has necessitated such a development. The minute scrutiny which was once attainable in a small and relatively simple Government can no longer be achieved. It is, therefore, necessary for us to exercise restraints in certain areas providing these restraints do not impinge upon the efficiency and the smooth operation of the departments in the executive branch. That is the purpose of H. R. 8002. It is vital that some constant check be made annually upon those items for which so-called no year money is appropriated.

If the pendulum has swung too far in one direction we must exercise care in plotting its future course. Any abrupt change in uncertain waters could be disastrous, although it is my judgment that a well-managed program under H. R. 8002 would not have such a resultant effect. Nevertheless, with a recognition of the experience and dedication of the Appropriations Committee, I believe it is appropriate that the Wigglesworth amendment be adopted.

Mr. BROWN of Ohio. Mr. Chairman, I yield the balance of my time to the gentleman from California [Mr. LIPSCOMB].

The CHAIRMAN. The gentleman from California is recognized for 14 minutes.

(Mr. LIPSCOMB asked and was given permission to revise and extend his remarks.)

Mr. LIPSCOMB. Mr. Chairman, I really have little familiarity with the letter from Mr. Quarles, referred to by the previous speaker, and it is strange how it got into the hands of the Appro-

priations Committee before it got into mine, as the letter was sent to me as a result of my request for the Department of Defense position. I think it is indicative of the strength the Appropriations Committee has.

I would like to say also that I am heartily in support of H. R. 8002 as amended by the Wigglesworth amendment. I am sorry if the Appropriations Committee feels that some of us are trying to take away something from them; for this is not the case.

Many of us in the House are trying the best we can as Members of this great body to see to it that we have the most efficient Government possible. We are trying in our own way to work with the Appropriations Committee. We do not have the opportunity to be on that great committee. So when we recommend or put forth our thoughts, it is in no way a criticism of what they are doing or what they are attempting to do. We are simply exercising our right as individual Members to see that adequate procedures are put into effect so that we can guarantee our people, our individual districts, and the Nation good fiscal government.

Mr. Chairman, I am in support of the amendment to H. R. 8002 that will be offered which would establish annual controls over accrued expenditures. It would accomplish this purpose by requiring that the Budget include an annual limitation on accrued expenditures for each appropriation.

This is an important move since converting to an accrued expenditure limitation basis would be an ill-important step in the modernization of our budgeting and accounting procedures. Public Law 863, which was enacted by the 84th Congress in 1956 to provide for cost-based budgets and accrual accounting in Government, established the necessary initial steps in placing Government financing on a modern and efficient basis.

According to the ninth annual report compiled by the Treasury Department, the Bureau of the Budget, and the Comptroller General under the joint program to improve accounting in the Federal Government, and the annual report by the General Accounting Office, encouraging progress is being made in converting agency accounting systems to the accrual basis, as provided for in Public Law 863.

The next step is the measure H. R. 8002—as amended. It is a logical followup to what has been done under Public Law 863. It would provide for an annual limitation on accrued expenditures for each appropriation or fund account for which there has been established a satisfactory system of accrual accounting.

Recommendation No. 7 of the Commission on Reorganization of the Executive Branch of the Government, the Hoover Commission Report on Budgeting and Accounting states:

That the executive budget and congressional appropriations be in terms of estimated annual accrued expenditures; namely, charges for the cost of goods and services estimated to be received.

One of the primary objectives of that recommendation of the Hoover Commission was the establishing of a procedure which would, first, provide for an annual congressional review of appropriations granted in prior years, and, second, to give the Congress a positive control over annual accrued expenditures from both current and prior-year appropriations. The amendment is designed to meet that objective.

HOW THE ANNUAL ACCRUED EXPENDITURE LIMITATION WOULD BE APPLIED

The amendment provides that there would be charged against the limitation on annual accrued expenditures the cost of goods and services and other assets received, advance payments made, and progress payments becoming due, and the amount of any other liabilities becoming payable, during the fiscal year concerned.

It provides that the unused balance of the limitation on annual accrued expenditures shall lapse at the end of the fiscal year concerned. Receipt of goods and services under the same appropriation account in a subsequent year would be subject to a new limitation which Congress would establish after reviewing performance for the prior year. The authority to receive goods and services and incur other liabilities would thus be controlled on an annual basis in a manner which would automatically entail a review by the Congress of balances of prior appropriations.

Under the terms of the amendment, where goods and services are received in a particular year but are not paid for in that year, if such goods and services were within the limitation on annual accrued expenditures for the fiscal year in which they were received, they could be paid for in the next fiscal year without further congressional action. This would insure that no contractor or supplier would be denied payment for goods and services actually delivered or rendered in accordance with the law and the terms of his contract.

There is also the situation where goods and services are ordered during a particular fiscal year but not received in that year. In such cases, under the terms of the amendment, the value of such goods and services would be charged against the limitation on annual accrued expenditures for the succeeding fiscal year in which such goods and services were to be received. Thus, in establishing a limitation on annual accrued expenditures for each succeeding fiscal year, the Congress would control not only the goods and services received under orders placed in that year but also the receipt of goods and services under orders placed in prior years. The effect of this is to control the use of balances of prior year appropriations by the executive branch and to place the control thereof in Congress.

Under provisions of the amendment, nothing contained in the measure would be construed to change existing law with respect to the making of appropriations or the incurring of obligations. Appropriations could be made on an annual or on a no-year basis in the same manner

as they are at present, and they would continue to be available for making contracts and for the payments for obligations incurred thereunder in the same manner as they are now, subject however, to this important change: The value of goods and services received in each fiscal year would be controlled by the annual limitation on accrued expenditures. Regardless of the time of receipt of goods or services, payment would be made from the appropriation under which the obligation was incurred; however, the accrued expenditure would be charged against the limitation applicable to the year in which the goods or services were received.

The rules of each House, in general, prohibit changes in existing law through appropriation acts. Since the limitations on annual accrued expenditures for a particular year would affect not only funds appropriated in that year but the obligated balances of funds appropriated in prior years, the accrued expenditure limitation could be construed as changes in the laws respecting the use of prior appropriations. Similarly, provisions pertaining to the availability of funds appropriated in prior fiscal years, such as recisions or transfers of appropriations previously made, could be construed as changes in existing law. The amendment takes care of that problem by making it clear that the establishing of limitations affecting prior year appropriations, or provisions pertaining to the availability of funds appropriated in prior fiscal years such as recisions or transfers of appropriations previously made, would be in order in appropriation acts.

EFFECT OF THE LEGISLATION

Enactment of this legislation would revise present practices of requesting appropriations from Congress which is based on appropriations stated only in terms of authority to obligate. In addition it would require budgeted work plans for the cost of goods and services estimated to be received by the departments and agencies for a budget year.

Under the system now in use, the President requests and Congress makes available sums of money that may be obligated in a fiscal year or over a period of fiscal years without direct reference to when the accrued expenditures actually occur. The liquidation or payment of such obligation may occur after the period during which funds were obligated.

The effect of requiring that the budget include a limitation on annual accrued expenditures, as proposed by the amendment, would be to give improved control to Congress and the executive branch.

LEGISLATION WIDELY ENDORSED

That legislation of this type is sorely needed, is recognized by a long list of people both inside and outside of Government.

I would like to call your attention to the fact that President Eisenhower on six separate occasions has recommended legislation to implement the Hoover Commission Recommendation No. 7. His most recent statement in this regard was the budget message presented to Con-

gress January 13, 1958. Legislation to implement the Hoover Commission recommendation is likewise endorsed by the fiscal agencies of the Government.

CONCLUSION

No magic is claimed for the proposed method to provide for an annual limitation on accrued expenditures, and indeed it has none. What is claimed however, is that within a given framework, or type, or scope of governmental activity, the various programs can be carried out under this method with greater congressional control, and with a greater potential for savings and economy than under the present method of making appropriations.

What it amounts to is a hardheaded and businesslike approach to the spending of taxpayer's money which many both inside and outside of Government believe is best calculated to achieving a dollar's worth for a dollar spent.

If Congress is to exercise its constitutionally delegated power to legislate to an effective degree, it must be in a position to control the expenditure of money by the executive branch. Effective control over the purse is inherent in the power to legislate and is one of the most important devices available to Congress for protecting the American people from uneconomical and inefficient Government. The amendment will strengthen congressional power of the purse to a considerable extent. I urge all Members of Congress to support H. R. 8002, as amended. By doing so you will be supporting legislation for better and more effective Government fiscal procedure.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. LIPSCOMB. I yield to the gentleman from Illinois.

Mr. YATES. Under the Wigglesworth amendment, section (d), it says:

At the end of the fiscal year concerned, any unused balance of the limitation on annual accrued expenditures shall lapse.

It also says in subsection (g):

Nothing in subsections (b) through (f) of this section shall be construed to change existing law with respect to the method or manner of making appropriations or the incurring of obligations under appropriations.

It is current practice in appropriation bills to provide that certain expenditures shall remain available until expended. May that practice still remain under the wording of the Wigglesworth amendment even though you have subsection (d) stating that such annual accrued expenditures shall lapse?

Mr. LIPSCOMB. If the Committee on Appropriations and the Congress, in appropriation legislation, designate that it will be a no-year appropriation, the obligation will not lapse, just as it is at the present time.

Mr. TEAGUE of California. Mr. Chairman, will the gentleman yield?

Mr. LIPSCOMB. I yield to the gentleman from California.

Mr. TEAGUE of California. It is a fact that the gentleman who has the floor now, Mr. LIPSCOMB, is by profession a public accountant. I happen to have personal knowledge that you are

not only a public accountant, but an excellent one. It seems to me that your strong support of H. R. 8002, based upon your professional experience and knowledge, should carry great weight with the Members of the House.

Mr. LIPSCOMB. I thank the gentleman from California for his remarks. I know of his conscientious study of this legislation.

Mr. ALGER. Mr. Chairman, will the gentleman yield?

Mr. LIPSCOMB. I yield to the gentleman from Texas.

Mr. ALGER. Mr. Chairman, I am in favor of H. R. 8002 and want to associate myself with the remarks of the able gentleman from California [Mr. LIPSCOMB]. We have discussed this bill in the past and I compliment him for his work on this bill. His long years of accounting experience give weight to his observations on the merits of this bill.

It is always difficult to cut back the size or change the procedures of government. Human beings resist change. I feel that the distinguished senior members of the Appropriation Committee are in favor of the status quo, and their fears may be well founded. It could be they may have the right to say "I told you so" if this bill is passed and in effect. But I do not think so. On the contrary this accrual accounting principle is indeed applicable to government.

A yearly checkup on Government expenditures is a worthy objective and H. R. 8002, will focus attention on these expenditures. Maybe as a result we will cut back some of these expenditures, if we recognize them. Government expenditures are so huge and the bureaucracy so big the Hoover Commission had trouble even finding all the agencies, services, personnel, and expenditures of this huge Federal Government.

Certainly the citizens who are now aroused have a right to request and petition us for this legislation. In fact, it would be a blessing if more citizens put more pressure on Congress to streamline and eliminate the waste, duplication, and mismanagement of our gargantuan Government.

There are other Hoover Commission legislative suggestions that are now before our congressional committees for attention. In fact, they have been pigeonholed for several years and apparently will stay pigeonholed until the citizens put on the pressure necessary to impress Members of Congress that they want Congress to economize, to cut back, and that they believe in the Hoover Commission bills. At least they should be studied by the respective committees of Congress. H. R. 8002 is a step in that direction.

Mr. LIPSCOMB. I thank the gentleman.

Mr. DOYLE. Mr. Chairman, will the gentleman yield?

Mr. LIPSCOMB. I yield to the gentleman from California.

Mr. DOYLE. May I ask the gentleman if he knows whether or not the Hoover recommendation included an express provision or suggestion that the authority to enter into contracts as set forth in line 24, page 3 of the original bill, H. R. 8002, was included? In other

words, is that based on the Hoover Commission recommendation?

Mr. LIPSCOMB. As H. R. 8002 was originally presented to the House, it was inherent in that legislation that contract authority had to be given.

Mr. DOYLE. That is not my question. My question is whether or not the Hoover recommendation expressly set that forth as an inherent part of the legislation.

Mr. LIPSCOMB. It was an inherent part of the recommendation.

Mr. DOYLE. Why, then, was it dropped from the Wigglesworth amendment?

Mr. LIPSCOMB. The Wigglesworth amendment does not include contract authority since appropriations would continue to be made in the same manner as they are at present.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. FASCELL. Mr. Chairman, I yield 1 minute to the distinguished chairman of the Committee on Appropriations, the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Chairman, may I say that the amendment offered by the distinguished gentleman from New York [Mr. TABER] gives to the committee and to the Congress a long-needed authorization. It is important that the House have this additional authority.

May I also add that if the Taber amendment is adopted, it will in my opinion, be the longest step forward in House and committee procedure since the adoption of the Budget and Accounting Act in 1921.

I sincerely trust the House will agree to the amendment of the gentleman from New York and then agree to the bill as amended.

Mr. FASCELL. Mr. Chairman, I ask unanimous consent that all Members who have spoken on the measure have the right to revise and extend their remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsections:

"(b) It is the sense of the Congress that revisions in presentation of budget estimates and estimates for deficiency and supplemental appropriations are essential in order to provide a more informative basis for the enactment of appropriations by the Congress, to reduce or eliminate the large carry-over balances of appropriations from one fiscal year to another, and to bring about economy in Government expenditures. It is therefore the policy of the Congress that estimates for proposed appropriations will be determined on an annual accrued expenditure basis.

"(c) The amount of proposed appropriations referred to in sections 201 (a) and 203 of this act shall, to the maximum extent deemed desirable and practicable by the President, be determined on an annual accrued expenditure basis.

"Annual accrued expenditures shall relate to goods and services to be received in a fiscal year, advance payments, progress payments, and such other payments as are authorized by law to be made in such fiscal year.

"This subsection shall not apply to appropriations for the payment of claims certified by the Comptroller General and of judgments; appropriations for the refund of Federal taxes and of other moneys erroneously received and covered into the Treasury of the United States; appropriations for private relief; appropriations for the payment of interest on trust funds; appropriations to provide or increase revolving funds; appropriations for the payment to former members of the Armed Forces, their dependents and beneficiaries, of any benefits to which they are entitled by reason of military service; appropriations for the payment of pensions and annuities; appropriations for the payment of any obligation of the United States for which liability is fixed by treaty; and other appropriations or funds analogous to the foregoing.

"(d) The conversion to the use of the annual accrued expenditures method for stating proposed appropriations in accordance with section 201 (c) of this act shall be accomplished in such manner and at such times as may be determined by the President.

"(e) As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse, unless hereafter provided otherwise in an appropriation act or other law. Any remaining balances of each such appropriation or fund shall be merged with any appropriation or fund made for the same general purpose for the ensuing fiscal year and shall constitute a single account."

Mr. FASCELL. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, had come to no resolution thereon.

EXTENSION OF RECIPROCAL TRADE PROGRAM

(Mr. LANKFORD asked and was given permission to extend his remarks at this point in the Record.)

Mr. LANKFORD. Mr. Speaker, once again the problem of extension of the reciprocal trade program confronts the Congress. Early in the 84th Congress I protested with all the vigor at my command the finding by the Office of Defense Mobilization that four jeweled watch companies were essential to national security. As a result of this finding, the President of the United States on July 27, 1954, authorized increases up to 50 percent on certain imported Swiss watch movements. This action was taken in spite of a comprehensive study completed in April 1954 by the Department of Defense which concluded: "The needs of the Department of Defense for industrial capacity clearly demonstrates that no special or preferential treatment for the industry is necessary."

I am gratified that in a report issued on February 28, 1958, by Gordon Gray, Director of the Office of Defense Mobilization, it is now recognized that imports

of jeweled and pen-lever watches and clocks are not threatening to impair the national security. The earlier decision by ODM had a most harmful effect on the export of Maryland tobacco to our best customer, Switzerland. It is hoped that this action followed by a sensible reduction in the present high tariff rate will do much to improve our trade relations with the Swiss.

Here then is one example how an enlightened trade program is of inestimable value to an industry which is vitally important to the entire economy of southern Maryland. I would like further to commend to the Congress a memorable address delivered on January 30 by the distinguished gentleman from Louisiana [Mr. Boggs]. It is messages such as this that do much to dispel the misconceptions that exist whenever foreign trade is brought under discussion. In his forthright and well-reasoned speech, the chairman of the Subcommittee on Foreign Trade Policy of the Committee on Ways and Means urged the formation of a coordinated foreign-economy policy with a single agency to assess the overall national interest in matters of trade policy. His address contained a number of timely observations and I commend it to my colleagues in the Congress.

One portion of the gentleman from Louisiana's speech was of special interest to me. In referring to several industries that do not support our reciprocal trade-agreements program, the gentleman from Louisiana [Mr. Boggs] cited the case of the American chemical industry and pointed out that despite the fact that in 1957 the exports of the chemical industry were five times as great as imports of chemicals into the United States, spokesmen for the industry have been very outspoken in their opposition to the program. I share the view of my colleague from Louisiana that an industry with such a substantial stake in overseas markets should be expected to vigorously support a program which has brought it so many benefits. Now I have been most interested to discover in a very informative article entitled "For Chemical Process Industry Executives: A Changing Tariff Attitude?" that the bulk of the businessmen in the chemical industry do not feel this way. Who, then do the spokesmen speak for?

The article I refer to appears in the February 1 issue of Chemical Week, a leading journal in the chemical industry, published by McGraw-Hill. It reports on a survey conducted among executives of the chemical industry and points out that 71 percent favor reciprocal trade, with or without restrictions, and only 6 percent are opposed. It is interesting to note that it also reports on the results of surveys conducted among members of the aviation, machinery, and electrical industries and that a heavy preponderance of sentiment among those groups was also found in behalf of reciprocal trade, with less than 5 percent of those responding opposed to reciprocal trade.

As the time approaches for the Congress to consider the extension of the Reciprocal Trade Agreements Act, it is especially important to know how the

American people feel about this vital program. We must, as Members of Congress, distinguish between fact and fancy, truth, and propaganda. The significant findings contained in the Chemical Week article perform a distinct service in this direction and, quite interestingly, tend to buttress the remarks made recently about the chemical industry by the gentleman from Louisiana [Mr. Boggs] before the Mississippi Valley World Trade Conference. Moreover, they provide a highly interesting insight into the current sentiments in behalf of reciprocal trade by an important segment of the American people.

FEDERAL RESERVE IS TIGHTENING CREDIT AGAIN—WILL DEEPEN THE RECESSION

Mr. PATMAN. Mr. Speaker, of all the times credit should be loosened, this is it.

All of us have had some impression that the Federal Reserve Board has in fact loosened credit. We have been led to think that there was a sensible program ready to ease credit more if what has already been done fails to stimulate business and put the 5 million unemployed back to work.

Actually, the Federal Reserve System is tightening credit again. The New York Times this morning reports that the price of Federal funds went up to 2½ percent yesterday. The interest rate on Federal funds is regarded as the most sensitive and accurate indicator of just how tight or loose bank credit is.

What are Federal funds?

These are the reserves which individual banks have that are in excess of the reserves they are required to keep with the Federal Reserve System. Thus, a bank which has excess reserves may sell some or all of its excess to another bank which is in a tight reserve position. This buying and selling of excess reserves is known as trading in Federal funds.

In recent weeks credit has been easier. Federal funds have gone begging, and have sold as low as one-fourth of 1 percent interest. When conditions are like that the banks are in a generally easy credit position; they then have reserves with which to make loans or investments.

Now the rate is back up to 2¼ percent, which is almost as high as the discount rate at which the Federal Reserve banks make loans to the member banks.

Tightening credit again, as the Federal Reserve is now doing, will have an adverse effect on business. This will drive the country into a deeper recession, rather than helping us out of the recession.

The Federal Reserve System has the machinery for easing credit without a moment's notice. The Open Market Committee can at any minute or hour of the day buy Government securities and increase its holdings of Government securities. This eases credit instantly, and to any precise degree that the Open Market Committee wishes to ease credit. It puts more deposits in the private banks and gives them more free reserves with which to make loans and investments.

The Open Market Committee should ease credit immediately.

Mar. 6, 1958

public works and defense projects. pp. 3072-5, 3129-56, 3160, 3161-4. Sen. Mansfield urged extension of the Wool Act and wheat price supports at no less than \$2 a bushel to aid ranchers (p. 3075). Sen. Murray inserted a letter from Pres. Patton of the Farmers' Union urging that his recommendations, including "immediate reversal of the Benson-Eisenhower farm policies" be carried out, and charged that "The deliberately planned deflation of agriculture has become an unplanned deflation of the whole economy." (pp. 3130-1). Sen. Humphrey stated that farm operators' net income was falling and criticized the Secretary for proposing to reduce price supports (p. 3147). Sen. Humphrey criticized reduction in the 1959 budget for agriculture price supports, soil and water conservation, rural electrification, and FHA loans (p. 3149).

Sen. Humphrey inserted a resolution of a Minn. Farmers' Union local urging Congress to restore farm prices to a "full parity level." p. 3076

5. PURCHASING. At the request of Sen. Talmadge, ^{passed over,} S. 5, to prevent the allocation of Government contracts to areas designated labor-surplus or depressed areas. p. 3118

MONOPOLY. Received from the Judiciary Committee a report, "Activities of the Subcommittee on Antitrust and Monopoly--1957" (S. Rept. 1345). p. 3077

8. WATER RESOURCES. Concurred in the House amendments to S. 1086, granting the consent of Congress to a Bear River compact between Idaho, Utah, and Wyoming. This bill will now be sent to the President. pp. 3091-2

9. FAIR TRADE. Sen. Humphrey urged a study of the fair-trade laws, which he asserted were being set aside in many areas. p. 3100

0. PUBLIC WORKS. Sens. Murray, Potter, Yarborough, Long, Malone, and Thye commended Sen. Ellender for his speech in rebuttal to a Saturday Evening Post article on public works programs. pp. 3112-13, 3156

1. ELECTRIFICATION; RECLAMATION. Sen. Morse inserted a speech by the President of the Nat'l Hells Canyon Ass'n urging that the Federal Government acquire Brownlee dam and build a high dam in Hells Canyon and contending that this would be profitable for both the Government and the Idaho Power Co. pp. 3156-7

2. INFORMATION. Received from the U. S. Advisory Commission on Information an annual report for 1957 (p. 3075), which was commended by Sens. Mundt, Humphrey, and Smith of N. J., and inserted in the record (pp. 3092-9).

3. LEGISLATIVE PROGRAM. Sen. Johnson announced the intention to consider the second supplemental appropriation bill Mon., March 10, followed by consideration of the housing bill. He hoped the Public Works committee would report a road bill by March 15, followed by a public works measure.

14. ADJOURNED until Mon., March 10. p. 3164

HOUSE

15. BUDGETING. Passed with amendment, by a vote of 311 to 87, H. R. 8002, to provide for budgeting on an accrued expenditure basis. pp. 3173-86, 3188
Agreed to a substitute amendment by Rep. Wigglesworth, as an amendment to a substitute amendment which had been offered by Rep. Taber, by a vote of 152 to 113. The Taber amendment as amended by the substitute language of the

Wigglesworth amendment was then agreed to by vote of 152 to 103. The Taber amendment would have retained the present obligational system of budgeting with certain modifications. Rep. Wigglesworth stated that his substitute amendment, which became the language of the bill as passed, was designed to do three things as follows:

"In the first place it eliminates completely from the picture the proposal in H. R. 8002, that as far as obligations are concerned, we go back to the practice of contract authority which we abandoned some years ago as unsatisfactory.

"In the second place, it accepts the balance of the proposal putting the Congress in a position, if it so desires, to place an annual limitation on expenditures in terms of accrued expenditure.

"In the third place, it incorporates language to carry into effect the proposal just made by the distinguished gentleman from New York (Mr. Taber), which in effect waives points of order against rescissions, transfers, or reappropriations."

A motion by Rep. Smith, Va., to strike out the enacting clause, was rejected by a vote of 93 to 145. pp. 3182-83

A motion by Rep. Ford to recommit the bill to the Government Operations Committee was rejected by a vote of 119 to 275. p. 3185

16. DAIRY PRICE SUPPORTS. The "Daily Digest" states that the Dairy Products Subcommittee of the Agriculture Committee ordered reported the following bills: "H. R. 11176 (amended) and H. R. 11178, to amend the Agricultural Act of 1949 and of 1954, respectively, with respect to price supports for milk and special dairy programs; and H. R. 9650, to provide minimum price support levels for whole milk and butterfat during the 2-year period beginning April 1, 1958." p. D185
17. ROADS. The Public Works Committee reported with amendment H. R. 9821, to authorize appropriations for the continuing construction of highways, including forest highways, roads and trails (H. Rept. 1480). p. 3212
18. INFORMATION. The Government Operations Committee reported without amendment H. R. 2767, to restrict the authority of Federal officers and agencies to withhold information and limit the availability of records (H. Rept. 1461). p. 3212
19. COMMITTEE ASSIGNMENTS. Rep. Quie was elected a member of the Agriculture Committee. p. 3171
20. FOOD ADDITIVES. Rep. Sullivan urged additional funds for the Food and Drug Administration for expanded work on the use of chemical additives in food, and inserted several articles on the matter. pp. 3190-96
21. FOREIGN TRADE. Rep. Collier spoke in opposition to extending the reciprocal trade program. pp. 3201-02
22. EGGS. Rep. Knutson urged the Congress to place a "floor" and a "ceiling" on the price of eggs. p. 3211

New York State has had 228 of the 680 winners and 1361 of 4420 receiving honorable mention. Of those from New York State, 61 percent of the winners and 57 percent of those getting honorable mention were from New York City schools.

Although the city school system has less than one-fortieth of the Nation's school children, it won more than one-fifth of the awards.

This is a great achievement of our schools, teachers, students, and families. All are to be commended and all can be justifiably proud.

CALL OF THE HOUSE

Mr. OSTERTAG. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently, no quorum is present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 17]

Beamer	Gordon	Riehlman
Bonner	Grant	Rivers
Boykin	Green, Pa.	Saund
Brown, Mo.	Gregory	Servner
Buckley	Gross	Shelley
Carrigg	Hill	Shuford
Christopher	Hillings	Sieminski
Clark	Holland	Steck
Davis, Tenn.	Long	Teague, Tex.
Dempsey	McCarthy	Vinson
Dies	Murray	Widnall
Diggs	Nimtz	Williams, N. Y.
Engle	O'Neill	Willis
Flood	Osmer	
Forand	Powell	

The SPEAKER. On this rollcall 391 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

IMPROVED METHODS OF STATING BUDGET ESTIMATES

Mr. FASCELL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 8002, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the Clerk had read through section 1 of the bill.

Are there any amendments to section 1?

Mr. TABER. Mr. Chairman, I offer a substitute for the bill.

The Clerk read as follows:

Substitute amendment offered by Mr. TABER: Strike out all after the enacting clause and insert in lieu thereof the following: "That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsection:

"(b) Each department and establishment of the Government to which an appropriation is made shall annually submit to the Bureau of the Budget a justification for the continued availability of such funds and the President, in his annual budget message or supplemental messages, shall transmit to Congress his recommendations for action in the event he desires such availability to be continued, and, if so, in what manner and for what purpose."

"Sec. 2. (a) It shall be in order to include in appropriation bills, or in amendments thereto, provisions pertaining to the availability of funds referred to in section 201 (b) of the Budget and Accounting Act of 1921, as amended.

"(b) The provisions of subsection (a) of this section are enacted by the Congress—

"(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

"(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House."

Mr. TABER. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. TABER. Mr. Chairman, because I have always had the highest regard and esteem for the Presidency, when this bill came up with its method of doing business I examined it very carefully with the idea of finding out what it would do, and I did that advisedly so that I might be very careful about what position I would take.

I found so many contradictions and so many things that were absolutely dangerous to the financial stability and the operation of the Government of the United States that I felt that I must oppose it.

In the first place it attempted to bring back contract authorization, a device that we have had here in days gone by but which we have found to be an impossible procedure if we were to operate the Government on an intelligent basis and if the Committee on Appropriations were to do anything that would keep the situation in hand.

That was not the only contradiction. I will read to you the language on page 3, lines 10 to 18. The first sentence is absolutely contradicted by the second sentence in that paragraph, and that is the way it is all the way through the bill. There is no coordination in the bill. The first sentence in that paragraph (e) would require the lapsing of appropriations that had not been expended at the end of a year under accrued expenditures. The second sentence provides that any remaining balances of such appropriations or funds shall be carried over. In the first sentence they lapse. In the second sentence they are carried forward to the next year and can be used for any purpose that that sum could be applied for. Under that, it would be

absolutely impossible for us to have any control over the situation of appropriations.

Then, I had submitted to me various proposed substitutes, all of which were bad. The last one was approximately the same as the one the gentleman from Massachusetts has indicated he would offer. That is bad. If anybody has that before him, you know it appears on page 3006 of the body of the RECORD.

In paragraph (e) it reads "As of the end of each fiscal year, the excess of any appropriation or fund made on an annual accrued expenditure basis over the accrued expenditures under such appropriation or fund shall lapse." That is the same as the first paragraph of the sentence on page 3 of the bill, or practically the same in effect. I described that and told how it would work. Suppose a department wanted to buy a chair or something that cost \$60 or \$70 today. If they put in an order for that chair under this situation, and it was not delivered until after the 30th of June next ensuing, the appropriation would lapse and they would not have any money to pay for it until after the Congress sat again and passed another appropriation bill. You would have to hold up all sort of things. You would have everything messed up. Your whole Government operation would be messed up. On top of that if an appropriation were made for the construction of airplanes and the contract was attempted to be let and you had an accrued appropriation that was available, but you had another appropriation that would not be available until after the end of that fiscal year for which you were appropriating, in letting the contract the only thing they could let it for under the statute relating to contracts, and I read that yesterday, title 41 of the code, section 11, under that section it would be absolutely impossible to let a contract for any more than the accrued expenditure figure because they would not have the funds available.

They would not be able to let a contract. So that is how bad it is in the Wigglesworth amendment. That is the way it would work; absolute and utter confusion, and impossibility for the Government to operate in any intelligent manner.

I do not like to be capricious. I do not like to flaunt what little ability I may have, but we have got to provide for the operation of the Government and we have to do it in some kind of intelligent manner. I sat down and I figured it over and I made up my mind that the only way out for me would be to offer an amendment which would be constructive. With that in mind I prepared language which to my mind would allow the Government to proceed, and where we would be able to control the situation better than we are now. I provided that each department and establishment of the Government to which appropriation is made should annually submit to the budget not only what it wanted for the next year but what it had for the current year and what it was going to do with what was left, so that we could have before us

not only all prior appropriations, so that we could have a full picture of the situation presented, with the reasons why they wanted the money to be continued or to have new money appropriated. That would give the Appropriations Committee far greater range than it has now to do its job, because it has not been customary to cover all of that situation in the things we have submitted to us in the budget.

The CHAIRMAN. The time of the gentleman from New York [Mr. TABER] has expired.

(By unanimous consent, Mr. TABER was granted 2 additional minutes.)

Mr. TABER. Now, Mr. Chairman, when the Appropriations Committee would consider an appropriation, after they had held hearings and after the budget had been submitted in this way, with the additional information and additional recommendations, the committee would have authority to come to the floor of the House and change the availability of the fund as might be necessary to protect the things that were coming up, and the Government's need, or if it was not going to be needed it could be reduced and rescinded, and we could provide for those things we really need.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. RABAUT. Would this not be quite disturbing to every contractor, for instance, who had a Public Works job? He would not know whether he was going to get his money after June 30 or not, or what condition the whole thing would be in, and what would it do to the individual projects in all those areas?

Mr. TABER. It would practically prevent contractors from bidding. That is about what it would do. They would not try to bid with that kind of a picture.

Mr. SANTANGELO. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. SANTANGELO. I would like the gentleman to point out to us whether under your bill the report by the departments and establishments shall be to the Congress or to the Committee on Appropriations, as to the unused funds. What are they going to do with that?

Mr. TABER. It would be to the Budget, so that the budget, when it was submitted, would submit complete justification for all of these things that either they wanted to carry forward or continue or that they did not need any more; so that we would have a picture as to how the whole structure of all these appropriations was laid out.

The CHAIRMAN. The time of the gentleman from New York [Mr. TABER] has again expired.

Mr. WIGGLESWORTH. Mr. Chairman, I offer a substitute amendment for the amendment offered by the gentleman from New York [Mr. TABER].

The Clerk read as follows:

Amendment offered by Mr. WIGGLESWORTH as a substitute for the substitute amendment offered by Mr. TABER: Strike out all after the enacting clause and insert in lieu thereof the following: "That section 201 of the Budget and Accounting Act, 1921, as

amended, is further amended by adding the following new subsections:

"(b) Whenever the President determines there has been established a satisfactory system of accrual accounting for an appropriation or fund account, each proposed appropriation thereafter transmitted to the Congress for such account pursuant to the provisions of this act shall be accompanied by a proposed limitation on annual accrued expenditures.

"(c) Whenever an appropriation is subject to a limitation on annual accrued expenditures, there shall be charged against the limitation the cost of goods and services and other assets received, advance payments made, and progress payments becoming due, and the amount of any other liabilities becoming payable, during the fiscal year, concerned.

"(d) At the end of the fiscal year concerned, any unused balance of the limitation on annual accrued expenditures shall lapse.

"(e) Any liabilities becoming payable during the fiscal year concerned but for which payment is not made during that year may be paid, if not otherwise contrary to law, in a subsequent fiscal year or years to the extent they are within the limitation on annual accrued expenditures for the fiscal year concerned.

"(f) Any obligations incurred during the fiscal year concerned or in prior fiscal years which do not result in liabilities becoming payable during the fiscal year concerned shall be charged against the limitation on annual accrued expenditures for any succeeding fiscal year in which such obligations may result in liabilities becoming payable.

"(g) Nothing in subsections (b) through (f) of this section shall be construed to change existing law with respect to the method or manner of making appropriations or the incurring of obligations under appropriations."

"Sec. 2. (a) It shall be in order to provide in any bill or joint resolution making appropriations, or in any amendment thereto, limitations on annual accrued expenditures covering amounts becoming payable as a result of obligations incurred both in the fiscal year concerned and in prior fiscal years, and provisions pertaining to the availability of funds appropriated in prior fiscal years.

"(b) The provisions of subsection (a) of this section are enacted by the Congress—

"(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

"(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

"Sec. 3. This act, and the amendments made thereby, shall cease to be in effect April 1, 1962."

Mr. MCCORMACK (interrupting the reading of the amendment). Mr. Chairman, this substitute has been printed in the RECORD, I understand. Is that correct?

Mr. WIGGLESWORTH. Yes; it was printed at page 3006 of the RECORD.

Mr. MCCORMACK. Mr. Chairman, I ask unanimous consent that further reading of the substitute be dispensed with and that it be printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The CHAIRMAN. The gentleman from Massachusetts [Mr. WIGGLESWORTH] is recognized for 5 minutes in support of the substitute.

Mr. BROWN of Ohio. Mr. Chairman, I ask unanimous consent that the gentleman from Massachusetts may be permitted to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The gentleman from Massachusetts is recognized for 10 minutes.

Mr. WIGGLESWORTH. Mr. Chairman, as I stated yesterday, I offer this substitute amendment in the spirit of compromise, in the belief that every Member of the House today desires to obtain the best possible control over the obligations of this Government and the best possible control over the expenditures of this Government.

My amendment is designed to do three things:

In the first place it eliminates completely from the picture the proposal in H. R. 8002, that as far as obligations are concerned, we go back to the practice of contract authority which we abandoned some years ago as unsatisfactory.

In the second place, it accepts the balance of the proposal putting the Congress in a position, if it so desires, to place an annual limitation on expenditures in terms of accrued expenditure.

In the third place, it incorporates language to carry into effect the proposal just made by the distinguished gentleman from New York [Mr. TABER], which in effect waives points of order against rescissions, transfers, or reappropriations. I believe all of us feel that this is a very desirable thing.

In view of what has just been said I would like to quote again two paragraphs this time from an analysis of this amendment as distinguished from the original H. R. 8002, by the Bureau of the Budget.

Referring to subsection (d) to which the gentleman from New York referred, I quote as follows:

Subsection (d) provides that the unused balance of the limitation on annual accrued expenditures—

That is, on accrued expenditures, not on obligations—

shall lapse at the end of the fiscal year concerned. Receipt of goods and services under the same appropriation account in a subsequent year would be subject to a new limitation which Congress would establish after reviewing performance for the prior year. The authority to receive goods and services and incur other liabilities would thus be controlled on an annual basis in a manner which would automatically entail a review by the Congress of unobligated balances of prior appropriations.

Referring to subsection (e), I quote as follows:

Subsection (e) provides for making payment for goods and services received in a particular year but not paid for in that year.

If such goods and services were within the limitation on annual accrued expenditures for the fiscal year in which they were received, they could be paid for in the next fiscal year without further congressional action, thus insuring that no contractor or supplier would be denied payment for goods and services actually delivered or rendered in accordance with the law and the terms of his contract.

Mr. Chairman, the Budget Bureau believes that any misgivings which contractors or suppliers may have had under the original bill, H. R. 8002, should be largely if not wholly eliminated if we adopt the proposed amendment.

I offer this amendment, Mr. Chairman, because I cannot feel that the proposal in the original bill, H. R. 8002, to go back to contract authority is satisfactory. It was discarded because it was believed to be unsatisfactory in the control of overall obligations.

I offer this amendment, Mr. Chairman, because I do not feel that the present system is satisfactory. I have long felt that it was unsatisfactory primarily because it had served to deprive the Congress of direct control over our annual expenditures to a very large extent.

As I pointed out yesterday, we are in effect making huge deposits in the name of this or that agency and then saying to the agency concerned: You go ahead and draw against this deposit whenever you want to, and to whatever extent you want to. The expenditure is in your hands. We wash our hands of it.

Furthermore, there is the danger that some of these huge sums will be reprogrammed without proper control either by the Congress or by the Bureau of the Budget.

The fundamental question, in my opinion, is the question, Shall the Congress of the United States control expenditures as well as appropriations? Shall it control expenditures as it always used to do until the time when we departed from the contract-authority practice, or shall we leave the control over about one-third of our expenditures to executive agencies of the Government?

I think we should be in a position to control expenditure and I think we should impose a reasonable limitation in the absence of exceptional circumstances.

This amendment has been carefully considered by the Bureau of the Budget, Mr. Chairman.

It is endorsed by the Bureau of the Budget. It is endorsed by the Comptroller General. It is endorsed by the Secretary of the Treasury.

It is supported, generally speaking, by the administration, and it is acceptable to the so-called Second Hoover Commission that proposed this legislation originally.

In my opinion, it is a fair compromise for its consideration on this basis.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Florida.

Mr. FASCELL. As I understand it, the gentleman's amendment would preserve the accrual system in the transmittal of the budget; is that correct?

Mr. WIGGLESWORTH. It conforms to the accrual basis of accounting which is already called for by law and which, I understand, has already been put into effect in about 100 appropriations, or 20 percent of the total number that we have to deal with.

Mr. FASCELL. And it removes the contract authority which is in the basic proposal and substitutes in lieu thereof obligational authority as in the present system.

Mr. WIGGLESWORTH. As far as the making of appropriations or the incurring of obligations under appropriations is concerned, there is no change. The present practice is retained, and we thereby eliminate the principal objection which has been raised in the past by those most hostile to H. R. 8002.

Mr. FASCELL. And your amendment sets up and provides the mechanism by which annual limitations on expenditures could be placed.

Mr. WIGGLESWORTH. That is correct.

Mr. FASCELL. It also includes all of the things that the Taber amendment tries to do.

Mr. WIGGLESWORTH. It is designed to include fully the Taber proposals, which I strongly endorse.

Mr. FASCELL. I thank the gentleman. If the gentleman will yield further, I would like to announce that the proposed amendment has been considered by the committee bringing out the legislation, and I am authorized to say that it is accepted on this side.

Mr. WIGGLESWORTH. I thank the gentleman.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the majority leader.

Mr. McCORMACK. This is simply permissive legislation.

Mr. WIGGLESWORTH. It is just as permissive and just as mandatory as the original H. R. 8002.

Mr. McCORMACK. Exactly.

Mr. WIGGLESWORTH. The Congress can work its will in the light of the proposals from the Executive.

Mr. McCORMACK. And if the President should send up a budget estimate based on this law, the Congress does not have to adopt it?

Mr. WIGGLESWORTH. That is my understanding.

Mr. McCORMACK. Like the chairman of the committee handling the bill, the gentleman from Florida [Mr. FASCELL] I thoroughly agree with the amendment offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH]. I think it not only clarifies it but strengthens the bill, and at the same time it strengthens the hands of the Congress to a very significant degree. I am in favor of the gentleman's proposal and hope the amendment will be adopted, and then I also favor the passage of the bill.

Mr. WIGGLESWORTH. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

(Mr. WIGGLESWORTH (at the request of Mr. BROWN of Ohio) was given permission to proceed for 2 additional minutes.)

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. I have asked for this time in behalf of the minority in charge of this bill and of the minority on the Committee on Government Operations to say that we, too, have gone over this amendment very thoroughly, and the committee, members of both parties, unanimously agreed we would accept this amendment, not exactly what some of us may want, but as a compromise that meets the original objectives of the measure and present a fair piece of legislation for consideration by the House.

Mr. WIGGLESWORTH. I thank the gentleman.

Mr. THOMAS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not know whether I can add anything to this discussion or not, but I do want to make one point. Before I state that point, however, let me say that we are all, on both sides of the aisle, in the same boat. There is not a Member of this House that has not received literally dozens of telegrams on this subject, advocating the passage of H. R. 8002. They are from people you know and I know, fine people, and they have nothing but the finest of motives in sending those telegrams. They have been told that it is going to save the taxpayers some money. And, if it will, all of us want to vote for it. But, where in the world will save 1 penny? There have been some broad generalizations and some fine charges, but I challenge anybody to put the finger on 1 penny saving in this bill.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. THOMAS. I have only 5 minutes.

Mr. ROGERS of Florida. I would like to give the gentleman those figures.

Mr. THOMAS. Please do so right now, then.

Mr. ROGERS of Florida. I would like to give the gentleman the figures given by the Comptroller of the Department of Defense who stated, in his own testimony before the committee—the savings.

Mr. THOMAS. Will the gentleman please hurry and give us the figures?

Mr. ROGERS of Florida. The figure was \$2.5 billion that was saved in the Army by going on the accrual system in particular funds.

Mr. THOMAS. Who is the Comptroller?

Mr. ROGERS of Florida. Mr. McNeil.

Mr. THOMAS. We have known Mr. McNeil for a long, long time. He was not talking about the proposition now before us.

Mr. ROGERS of Florida. I would like the gentleman to read from page 284 of the hearings, where I asked McNeil this question—

Mr. THOMAS. I would suggest the gentleman read the hearings on his own time and I refuse to yield further.

Mr. Chairman, the proponents of this bill have given the public the idea that because there are some unspent funds—not necessarily unobligated funds, and they use a round figure of \$100 billion, which is a whole lot of money anywhere on earth—that cash is lying around in the Department of Defense and that they have to lock it up every night. They get the impression that it has been lying around there for 3 or 4 years and that the taxpayers are paying interest on that money, or have been paying interest on it for 3 or 4 years. There is not one word of truth in that. When the armed services finally issue an order on the Treasury to pay for the delivery of those long lead items, then and only then does the Treasury go out and procure the money.

So H. R. 8002 is not going to save any interest, because there is no interest involved. Where are you going to save any money? Where is it going to come from?

The greatest deterrent that any agency of the Government has, if it is in the procurement business, is to have to sit down and think and figure at the beginning of a program and come up with plans and specifications, with the best knowledge available as to what the program is going to be and what it is going to cost. And that is exactly what this Congress requires now of these agencies.

We have all heard of overruns. There is nothing on which an agency is more likely to be hauled over the coals for when it appears before the Committee on Appropriations, than to have overruns on contracts.

Here is what H. R. 8002 does, Mr. Chairman. It allows the agencies to get away from their original estimates. It takes the pressure off them to stay within the original limitations, those originally set by Congress. The Congress sets the limitation because the dollar amount is the limitation. This bill invites the agencies to come back every year and take the lid off and raise the price. In other words, it is an annual invitation to raise the ante. What else can you make of it other than that? That is all it is.

We are going to save money under the system we now have. The best example that I know was expressed by the Director of the National Advisory Committee for Aeronautics. We gave him \$75 million for a 3½-year construction program in 1950. They wanted \$102 million and he settled for \$75 million. He came back several years later when the projects were about completed, and they wanted another \$40 or \$50 million for other peacetime items.

He said:

We want all our money at one time. We save money if you give it to us at one time, not on an annual basis.

Listen to this:

Dr. DRYDEN. We like this procedure of appropriating the total estimated cost. It is much better in the control of the people doing the design. If you leave it wide open and say you will go back and get the rest of the money next year, there is no restraint whatever.

And it is that restraint, Mr. Chairman, that saves the money. It is not the in-

itation to come back every 12 months and increase the ante.

Mr. LIPSCOMB. Mr. Chairman, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from California.

Mr. LIPSCOMB. Is the gentleman speaking in favor of the Wigglesworth amendment?

Mr. THOMAS. I am trying to say that this whole bill should be recommitted. I do not know the details of the amendment of my friend from Massachusetts [Mr. WIGGLESWORTH]. I just know he is an awfully fine man and a good friend of mine. The safe thing for this House to do is to send all of it back to the committee.

Mr. MARTIN. Mr. Chairman, I rise in support of the Wigglesworth amendment.

Mr. Chairman, this bill is here because of an overwhelming demand among the American people for new procedure that would make it possible to have a lower cost in Government.

Several years ago the Congress and the President appointed a committee of able men to study carefully into this subject because it was of such vast importance to the American economy and the future capacity of our Government. It was a bipartisan committee that included many eminent Republicans, with former President Hoover as Chairman. It included many eminent Democrats, like Jim Farley and Joe Kennedy.

The recommendation of the committee was one that should enable the American people to save millions of dollars. I am not conversant with the details of how that can be done, but it is their statement and I am sure it is a move in the right direction.

This proposal has been endorsed by the President of the United States; it has been approved by the Secretary of the Treasury; it has been approved by the Bureau of the Budget; and it was unanimously passed by the Senate of the United States. I believe it came out of the Committee on Expenditures with a unanimous vote.

The possibility of some doubt arose among certain people, after it was reported, and that resulted in the Wigglesworth amendment to make certain that no harm in continuing contracts could result from this better system of procedure.

Now we are asked here to recommit a bill that has met with popular response all over the country.

My friends, I do not think we can be that foolish. Recommitment of this bill means the final defeat of the legislation. Let no one think otherwise. If you want to tackle this problem honestly, you will support the Wigglesworth amendment because that amendment answers all the doubts that have arisen in the minds of the people and in industry particularly.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. MARTIN. I am glad to yield to the distinguished gentleman.

Mr. TABER. I wonder if the gentleman from Massachusetts has read the

bill or listened to the arguments that I have made against it and my explanation of the things that it does because I do not think it solves the problem. I think it absolutely wrecks our governmental structure.

Mr. MARTIN. I appreciate the views of the gentleman. I might say to him that they are not new to me because I have heard the gentleman several times. But, I still insist that this bill provides legislation that the American people want. It has been endorsed by the Farm Bureau and the chambers of commerce and other organizations all over the land. Now because a few people do not like it, because one committee does not like it, we are asked to reject it. Frequently, we are brought into conflict with other committees of the House and we have to face these problems on their merits and we do so with a full appreciation of the fine and able service that these men have rendered. Mr. Chairman, the people want this bill. They want a chance to make savings in their Government costs and they believe this will be helpful. I hope we will support the Wigglesworth amendment which answers their fears; and that we will pass the bill and vote against any motion to recommit. May I say also it is only permissive legislation. It gives the administration power to make a reform that could bring relief to the heavily burdened taxpayers.

Mr. JENSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, having been a member of the Committee on Appropriations for 16 years, I am almost convinced that a change in the method of appropriating funds will not materially affect up or down the wasteful spending spree which has been operating full speed ahead for these many, many years.

The real solution to the problem is not in methods, but in the minds of Members of Congress. So when the day comes that the American voters elect a majority of Members to Congress who will vote against all unnecessary and wasteful spending, that will be the day when most of the distressing problems facing the American people today will be solved, and not before. There is no other good answer, as I see it. However, if the Wigglesworth substitute to H. R. 8002 is adopted it might possibly save a few dollars, so I feel it may be worth a trial run, at least for a year or two.

Mr. ROGERS of Florida. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the situation has now developed where those who opposed the original bill and those who favored the original bill now admit that something should be done to change the present system. Something ought to be done. The gentleman from New York [Mr. TABER] says, "What I want to do by my amendment is to look at what has happened to funds we have already appropriated. Let us take another look." His language reads, "The Department shall annually submit to the Bureau of the Budget a justification for the continued availability of such funds as the President in his budget message and supplementary

messages shall transmit to the Congress that information." So something needs to be done, at least on funds we have already appropriated, and that is about \$70 billion.

Now, what is wrong as proposed in the Wigglesworth amendment of letting us have that same procedure on the entire budget? Is that so strange? Is that an unusual request? Do we not want Congress to have control of the expenditure budget of this Nation?

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield.

Mr. TABER. The Wigglesworth amendment does not provide for continuing language.

Mr. ROGERS of Florida. I would like to point out that the system that would be in effect by the Wigglesworth amendment, which is the annual accrued basis, forces the departments to come back each year, automatically calls for a review of funds; and also provision is given to the Appropriations Committee to rescind those funds, in the Wigglesworth amendment.

Now what is the basic thing we are talking about? Is it whether we are going to give it more control, or let it develop in the executive department, or are we going to start to do something to bring back control to the Congress? The Taber amendment says we want to do it part of the way. The Wigglesworth amendment says we want to do it all the way. How will it work? We appropriate just as we do now; however, everybody seems to be concerned about the long lead items. We appropriate money just as we do now. The Appropriations Committee still has all the authority and perhaps more under the Wigglesworth amendment. We appropriate all the money, but we also place a limitation on the expenditures from the total funds we approved, like the gentleman from Texas [Mr. THOMAS] wanted us to. The expenditure is stated by this Congress, as to how much the Congress wants the departments to spend in any 1 year, and then the departments must come back, as the gentleman from New York [Mr. TABER] wants them to do, and tell us what they are doing with those funds each year. That is the way to get some congressional control and congressional approval. You do not have to get a reappropriation each year, because we have already appropriated so that they cannot go over the maximum amount appropriated by any stretch of the imagination, and under the Wigglesworth amendment it in fact gives us more control because we can say to them, "Here is your limitation for the year. If you want to go over it, you come back and check with the Appropriations Committee. You come back and check with the Congress."

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield.

Mr. FORD. Does the gentleman subscribe to the interpretation of this amendment which was put into the RECORD by Deputy Secretary of Defense, Mr. Quarles?

Mr. ROGERS of Florida. In what regard?

Mr. FORD. In regard to how the executive branch would have flexibility within this limitation.

Mr. ROGERS of Florida. Definitely not, and that is not so. As the gentleman pointed out yesterday, they were asking for additional authority. This will be the very opposite of that. This Wigglesworth amendment will establish control. That is why he put it in his letter to Congressman LIPSCOMB, saying, "We have reservations about the Wigglesworth amendment because we would like and have already asked the Congress to give us the right to use \$2 billion to transfer around." Think of that. Just think of the fact that a Department of the Federal Government would ask this Congress to give them a so-called petty cash fund that they can shift around without reporting to this Congress. We need more control in the Congress.

I support the Wigglesworth amendment strongly—believing that it will bring about better management and greater control of the budget and expenditures of our Government by the Appropriations Committee and the Congress.

This amendment will preserve the principle and substance of H. R. 8002. I would like to read the following telegram:

WASHINGTON, D. C., March 5, 1958.
HON. PAUL ROGERS,
House Office Building,
Washington, D. C.:

In view of the debate in the House today on House bill 8002, I have reviewed the proposed amendment of the bill by Congressman WIGGLESWORTH and believe the bill if so amended would be in substance and principle equivalent to House bill 8002 as originally drawn. The amended bill should provide an adequate framework for carrying out the recommendation of the Hoover Commission that the Federal budget be administered in terms of annual accrued expenditures.

J. HAROLD STEWART,
Chairman of the Hoover Commission
Task Force on Budgeting and Accounting.

Mr. GARY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, a tremendous amount of confusion exists over this question. I wonder if we could simplify this issue just a little.

I listened with great interest and respect to my very good friend the gentleman from Massachusetts [Mr. WIGGLESWORTH]. I have worked with him on many subcommittees and I have the highest regard for him. He said yesterday that our expenditures amount to \$72 billion a year; that \$48 billion, or two-thirds of that amount are now absolutely under the control of the Congress; that we do not need any new laws for that portion; but it is the other third, the \$24 billion of carryover funds for which we do need some new controls.

What is the situation with reference to the various bills pending before us? House bill 8002, the original bill, and the Wigglesworth amendment in an effort to reach the \$24 billion would

change our entire system; in other words, they would burn down the barn to get rid of the rats.

The Taber amendment, on the other hand, does not attempt to make any changes as to the \$42 billion, but it does attempt to make changes as to the \$24 billion; it applies only to the portion of the expenditures which the gentleman from Massachusetts [Mr. WIGGLESWORTH] himself agrees is not covered. Why should we amend our entire system when we can take the Taber amendment which goes after the rats, rather than the barn, and accomplish just exactly what was intended in H. R. 8002? The Taber amendment would eliminate the objectionable features of H. R. 8002 and yet give the necessary control, in order to carry out the purposes of that bill.

Mr. FASCELL. Mr. Chairman, will the gentleman yield at that point?

Mr. GARY. I yield to the gentleman from Florida.

Mr. FASCELL. Does the Taber amendment preserve the accrual system?

Mr. GARY. It gives controls that are necessary over the \$24 billion. I do not think more is necessary. As a matter of fact, the gentleman knows that all departments of the Government are not on the accrual system now and could not possibly comply with this bill insofar as the accrual system is concerned until such time as they have changed their method of accounting over to the accrual system.

Mr. FASCELL. Mr. Chairman, will the gentleman yield further?

Mr. GARY. I yield.

Mr. FASCELL. Then the Taber amendment does not preserve the accrual system?

Mr. GARY. It provides the necessary controls; it gives Congress the control over the \$24 billion over which the gentleman now says they need control; and Mr. WIGGLESWORTH agreed yesterday that that was the only part of the appropriation that needed additional controls.

Mr. MARSHALL. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Minnesota.

Mr. MARSHALL. This would have the effect of forcing agencies of the Government to obligate funds before the end of the fiscal year that they actually do not need to obligate, but which they will obligate in order to keep the funds.

Mr. GARY. The gentleman means that would be the effect of H. R. 8002.

Mr. MARSHALL. Yes.

Mr. GARY. Unquestionably.

Mr. MARSHALL. How could they do otherwise? And the gentleman has had unlimited experience from the Appropriations Committee. Is not the desire to obligate in advance of the end of the fiscal year one of the costly things with which we have to deal at the present time?

Mr. GARY. I will say to the gentleman this, that I also have had experience on the other side. I was in the administrative branch of government in the State of Virginia, and I remember that at the end of the year my staff

would come into my office and say: "Mr. GARY, we have some money we have not spent; let us buy some stamps, let us buy some new furniture; let us spend this money. If we do not it will go back into the Treasury and we will lose it."

I can say truthfully that I personally never subscribed to that policy, but I have heard of its being done on numerous occasions.

Mr. MARSHALL. Like the gentleman, I, too, have had experience; so this thing works as a two-edged sword. First, it is an invitation to come back to the Congress and ask for more funds; second, it will cause funds to be obligated that ought not to be obligated. It will cause a waste of funds. It works both ways.

Mr. GARY. The gentleman is absolutely correct.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Florida.

Mr. ROGERS of Florida. I would like to ask the gentleman a question. Under the accrual system actually the bills to be paid are determined on the basis of goods and services received so that one could not go out and buy indiscriminately at the last moment. It is determined on what is received during the year.

Mr. GARY. Under the accrual basis you have either an appropriation or contract authority for long-term items.

Mr. ROGERS of Florida. And we have appropriations as proposed in the Wigglesworth amendment.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

(By unanimous consent (at the request of Mr. GARY) he was allowed to proceed for 2 additional minutes.)

Mr. GARY. Mr. Chairman, we had a bill sent in here by the committee. It was approved by the Rules Committee, but that bill has now been abandoned. The bill, everybody admits now, is an improper measure. We have two substitutes before the Committee of the Whole House.

I do not believe that there are many of us on the floor who know exactly what is in the two substitutes. I have had several days to study the Taber amendment and I know what is in it. The gentleman from Massachusetts [Mr. WIGGLESWORTH] has admitted that his amendment requires additional amendments to perfect it.

Mr. WIGGLESWORTH. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Massachusetts.

Mr. WIGGLESWORTH. I do not recall any statement to that effect.

Mr. GARY. I do not want to misquote the gentleman, but he certainly said yesterday that he intended to add to it certain provisions of the Taber amendment. If that is not perfecting it, I do not know what is.

Mr. WIGGLESWORTH. I endeavored in the first instance to include language to take care of the Taber amendment in full. It was called to my attention that a very slight change in wording was

necessary to accomplish that result. That is all I referred to.

Mr. TABER. All that I said was that the gentleman admitted that there had to be amendments to perfect his amendment. The gentleman admits that he will have to add something. So that is an amendment to perfect his amendment.

Mr. WIGGLESWORTH. The change has already been made—one slight change is not amendments with an "s" on it.

Mr. GARY. An amendment then. His substitute is not a perfect amendment at the present time by his own admission. I am in favor of the Taber amendment, but I cannot vote for the Wigglesworth amendment in its present form. Therefore, I believe the thing we should do is to recommit this legislation to the committee and let them bring in a perfected bill to take care of the situation. I trust that will be the pleasure of the House.

Mr. FASCELL. Mr. Chairman, I ask unanimous consent that all debate on the pending amendments end in 35 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

Mr. H. CARL ANDERSEN. Mr. Chairman, I object.

(Mr. H. CARL ANDERSEN asked and was given permission to revise and extend his remarks.)

Mr. H. CARL ANDERSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, may I call to the attention of the Members of the Committee that of 8 of the ranking members of the Committee on Appropriations, 4 on each side, 7 are definitely opposed to this legislation. I believe I could go still further down the line on either side and perhaps quote even a more startling number in opposition to this particular measure.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Michigan.

Mr. RABAUT. The members of the committee who signed the original letter had 505 years total service in this House.

Mr. H. CARL ANDERSEN. Think of that, Members of the Committee. The members of the Committee on Appropriations who signed the manifesto or statement against this particular measure, H. R. 8002, had a total of 505 years service on the Committee on Appropriations behind them.

Now, Mr. Chairman, I am a comparative newcomer on the Committee on Appropriations with only 16 years of service. May I not, in all sincerity, ask the members of this great body this question: Who do you think knows more about the operations of the Committee on Appropriations, the members of the Committee on Appropriations with 505 years of service back of them or someone back home who sends you a wire asking you to support H. R. 8002, who perhaps does not know what is even

in the bill, who has no conception of what he might be suggesting, or some other group sending propaganda to the Congress telling us that they are in favor of H. R. 8002? Do you mean to tell me that you will take such opinions as against the majority of your own Committee on Appropriations? I do not think you will. I think you will favor the advice of the chairman of our committee, the gentleman from Missouri [Mr. CANNON], and the ranking minority member, the gentleman from New York [Mr. TABER], and 7 out of the 8 ranking members of the Committee on Appropriations. I cannot conceive that you will force this bill down the throats of the Committee on Appropriations just because of being propagandized by telegrams or whatever it may be.

Mr. MARSHALL. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from Minnesota.

Mr. MARSHALL. I would like to call to the gentleman's attention—and I know that he already realizes it—that the majority of the members of the committee that are bringing this bill out have already repudiated H. R. 8002.

Mr. H. CARL ANDERSEN. Surely. I was just going into that point.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to the gentleman from New York.

Mr. ROONEY. I want to say that I am in thorough accord with every word that the distinguished gentleman from Minnesota has spoken. This legislation should be promptly recommitted for further study.

Mr. H. CARL ANDERSEN. The gentleman is absolutely correct.

Are we on the Committee on Appropriations to assume by any action which you may take here today that you will vote no confidence in us as a committee; and that you will say to the gentleman from Missouri and the gentleman from New York that they are not our Nation's best authorities on the subject after 37 years of service on the Committee on Appropriations? Are you going instead to agree with some people who have sent you wires, who perhaps have never even read the bill, H. R. 8002?

Now, listen to this. That particular bill concerning which they have wired you has been thrown out the window. Are you going to cast aside your respect for the full Committee on Appropriations? Are you going to do that and vote for some measure which was just put before us yesterday concerning which none of us know anything whatsoever?

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. H. CARL ANDERSEN. I yield to my colleague from Washington.

Mr. HORAN. The point has been made that the National Association of Manufacturers were very strongly in favor of this bill to begin with. My information now is that they are neutral, that they are not plugging for it. The point has been made that the National Chamber of Commerce was strong for this bill. My present information is

that they are now neutral. And to indicate the interest in this debate that we had yesterday, with all the news there was in the newspapers yesterday, there was hardly a word printed on it.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

(Mr. H. CARL ANDERSEN asked and was given permission to proceed for 2 additional minutes.)

Mr. H. CARL ANDERSEN. Mr. Chairman, let us remember that if you vote for such a measure as this you will be forcing upon practically the entire Committee on Appropriations who must work on this matter day in and day out, month in and month out, something which they do not want and which they think is wrong. We would not do that to the Committee on Foreign Affairs or the Committee on Ways and Means or any other of the great committees of the House. We would show them more respect than some of the newer Members of the House have shown here today to the Committee on Appropriations.

Mr. LIPSCOMB. Mr. Chairman, I am in support of the Wigglesworth amendment to H. R. 8002.

One of the primary objectives of the Hoover Commission was the establishing of a procedure which would first provide for an annual congressional review of appropriations granted in prior years, and second, give the Congress a positive control over annual accrual expenditures from both current and prior-year appropriations.

The effect of requiring that the budget include a limitation on annual accrued expenditures, as proposed by the amendment, would be to give improved control to Congress and the executive branch:

First, Congress would be in a better position to control, on an annual basis, the cost to be incurred in carrying out approved programs. Not only would a program be studied initially, but could be thoroughly reviewed both as to past accomplishments and future plans each successive year when the appropriation action is taken and the accrued expenditure limitation established.

Second, Congress would be in a better position to control the level of expenditures in any given year. The amount of money appropriated for any fiscal year under present circumstances has little relationship to the amount of money spent in that fiscal year, because each year a portion of the expenditures will be out of appropriations previously made.

Third, there would be a more direct and effective control over the budget surplus and deficit in any fiscal year. Budget surplus and deficit is determined each year based on the difference between annual receipts and expenditures—expenditures meaning checks issued; not accrued expenditures. Through the use of an annual accrued expenditure limitation on appropriations, Congress and the President would be in a position to exercise greater control over the level of operations in any year.

Fourth, it would enable the Bureau of the Budget and the Congress to exercise an improved overall management control over executive departments and agencies, for aside from the question of

improved direct control that would result, the appropriation of funds under the annual accrued expenditure limitation basis would provide a better means of obtaining information needed in relating past accomplishments to present performance and future plans.

Under the present basis, the information supplied to the President and the Congress through the budget process is in terms of obligations—contracts, and so forth—issued, unissued, and planned for issue, with no limitation on, or control over, accrued expenditures. This does not measure annually for Congress or currently for management, the cost of progress or performance. It is only when a program is totally completed that obligations approximate costs and then only if all resources have been consumed.

Under the annual accrued expenditure limitation basis, Congress would require and be supplied with data as to costs in relation to annual periods, the accomplishments obtained and to be obtained for those costs and the inventories and other assets on hand. This data would have to be reviewed by Congress in passing upon the President's recommendation for a limitation on accrued expenditures.

For a better and more efficient fiscal program a vote for this amendment will carry us a long way toward this goal. I urge your support.

Mr. FASCELL. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 35 minutes.

The motion was agreed to.

Mr. HOFFMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN. Would a motion be in order from a Member who is in favor of the bill, to recommit the bill with instructions that the enacting clause be stricken?

The CHAIRMAN. That would not be in order from a Member in favor of the bill.

The CHAIRMAN. The Chair recognizes the gentleman from Maryland [Mr. MILLER].

Mr. TABER. Mr. Chairman, I ask unanimous consent to yield the time allotted to me to the gentleman from Maryland.

Mr. MASON. Mr. Chairman, I object to any changes in this procedure.

The CHAIRMAN. Objection is heard.

(Mr. MILLER of Maryland asked and was given permission to revise and extend his remarks.)

Mr. MILLER of Maryland. Mr. Chairman, there is not very much time in a minute and a fifth, but I should like to stress the fact that this is really a very serious problem. The wish of all of us is to save money. Bear in mind that if any change goes into effect it will cost a great deal of money in clerical work and in new forms throughout the vast Government establishment, whether or not it is of value in the long term. If we do make a change we should be sure that we are going to save enough money by it to offset these costs.

There has been much misinformation circulated, perhaps unwittingly, regarding this problem. If I had more than a minute and a fifth I should like to call attention to some of the things that have been said about the great waste that is going on in the Defense Department and other agencies, which just simply is not true as of today. Our friends were talking about the meat scandal in the Navy. If they would look at the record, and there are over 8,000 pages of it before just one subcommittee of the Appropriations Committee, they would find that this was reserve rations that were needed just as much as ammunition is, to be kept in the box. The chamber of commerce's Mr. Shoemaker has come out in strong support of this bill.

I regret that I cannot follow it up, but there are many inaccuracies that have confused the proponents of 8002. The record should be straightened out. But my 72 seconds are up.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama [Mr. Andrews].

Mr. ANDREWS. Mr. Chairman, I am opposed to this bill, H. R. 8002. I think the difference between the present way the Appropriations Committee operates and the way we would operate if 8002 were adopted is the difference between paying cash for what you buy and buying on credit. It is just human nature to buy more on credit than you do when you pay cash. I hope that this bill will be recommitted to the committee for further study.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Chairman, as we look at this bill, H. R. 8002, we find a provision that "this act and all amendments thereto shall cease to be in effect on July 1, 1961." The testimony which was taken by the Government Operations Committee clearly shows that the original bill as placed before this Congress could not take effect by that date.

The original Rogers bill H. R. 8002 has been abandoned—the Wigglesworth bill has been substituted by its original sponsors. The Hoover Commission never supported, never acted upon, or never saw this substitute amendment which was unveiled for the first time yesterday morning in the CONGRESSIONAL RECORD. A few select members of the Government Operations Committee, Appropriations Committee, and Hoover Commission may have seen it.

If the proponents of this new substitute bill will show me where \$1 of Federal funds will be saved, where \$1 of carryover balances will be reduced, or where it increases any present budgetary authority of either the executive or legislative branch of our Government—I would be only too happy to support it.

As a member of the Appropriations Committee I know something about our budgetary procedures. I also know that to save money and be truly an advocate of economy one must be willing to vote against higher appropriations. The most effective control of Federal spending will not come from control of expenditure rates. It is too late then. The

time and place to control spending is when the appropriation authority is requested.

This bill is being used by some Members of this Congress to escape from the facts of life about Federal spending.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. FORD].

(Mr. FORD asked and was given permission to revise and extend his remarks.)

Mr. FORD. Mr. Chairman, the contention has been made that through the accrual-accounting system the Army has saved \$2½ billion. I should like to point out, and I have in my hand here, testimony which indicates that that was done in what we call consumer-goods items, off-the-shelf purchases. What this bill which we have before us pertains to is long-lead-time items, such as aircraft, ships, and things in that category. What they might save by book-keeping procedures in buying something off the shelf, such as clothing, food, and so forth, is not the least bit pertinent to ships, aircraft, and things in that category.

Further, I think it is most important that we look at the interpretation of the Wigglesworth amendment that the Department of Defense intends to use as its criterion. It says, "Give us this huge spending limitation unlimited. Let us take under that spending limitation the full authority to spend from any account on an interchangeable basis." They want the right to transfer from one account or from one appropriation to another without limitation.

I would like to say, Mr. Chairman, that the Wigglesworth amendment will lead to less control rather than more.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. MILLER of Maryland. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. MILLER of Maryland. I thank my friend, the gentleman from New York, for his courtesy in giving me an opportunity in a 1-minute installment to try to finish up the point that I was making about the well-intended but misinformed people who have been backing this bill, H. R. 8002. Mr. Shoemaker who came before our subcommittee last year, and you will find his testimony in the record of the hearings at page 2146 of the Department of Defense appropriations, told us that \$200 million a year could be saved because of the mistakes being made in the handling of the Army ration.

On the next page, you will find where he says:

Since testifying before your committee, I reviewed carefully both the commission's report and the task force report.

He goes on to admit that—

Nowhere in these reports is there any reference to a \$200 million savings, or for that matter any savings being made, by a more realistic count.

This is just one example of how the proponents of 8002 have been misinformed. This high-pressure, witch-hunting atmosphere is not one in which

to pass on legislation that will affect millions of dollars in our annual accounts. I sincerely hope that this bill will be recommitted so that the proposals of my good friend from Massachusetts may be fully studied before a final decision is reached.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. FOUNTAIN].

Mr. FOUNTAIN. Mr. Chairman, I rise in support of H. R. 8002 and the amendment offered by the distinguished gentleman from Massachusetts [Mr. WIGGLESWORTH]. I am quite sure that every Member of this House has great respect for all of the members of the Appropriations Committee. It is composed of a very fine and able group of men. In fact, all of us are repeatedly following recommendations of that committee because of our confidence in its members.

Nevertheless, I think it is a weak argument for a member of that committee or anyone else to fight this legislation on the basis of the years of experience of a certain member or members of that committee who oppose it, as compared to the alleged inexperience of its proponents, including inferentially those who have so valiantly led the fight for and handled this legislation on the floor. It is certainly proper to seek recruits on the basis of the knowledge and good judgment of men of experience, but to say that they have a monopoly on good judgment because of the combined total service of all or a certain number put together amounting to a total of several hundred years, and to ask that legislation be defeated for that reason, is going pretty far.

I believe that, as representatives of the people, we have a sacred obligation to use the best judgment we have in the light of the facts as we know them and our understanding of the legislation.

Are we, the members, masters of legislation considered here or must we accept without question the opinions and recommendations of some or even all the members of any one committee. Only yesterday some things were said in opposition to this legislation which amounted to weighing the experience of some who are opposed to it against the experience of some of its proponents. Many years of service on committees is not always the most appropriate criteria upon which to judge a person's knowledge and understanding of legislation, especially when the legislation is before another committee. All of us are grateful for the wisdom and the knowledge of those here who have had many years of experience on committees, but I think it is poor taste to contend that any member does not know what he is talking about because of the brevity of his service, or because he is not on a certain committee.

Because of the remarks to which I have referred, may be inadvertently made, I feel compelled to take this brief opportunity to commend the distinguished gentlemen from Florida, Mr. FASCELL and Mr. ROGERS, and all who have led the fight for this legislation, for the very intelligent, enlightening and persuasive manner in which they have

explained it and the proposed amendments. They have done a grand job, equal to the best which I have had the opportunity to observe since I became a Member of this great body.

They have convinced me that this is proper legislation and that its passage by the Congress is wise and necessary, if the House of Representatives is to maintain appropriate control and supervision over the expenditures of public funds appropriated by it. I shall therefore vote for the Wigglesworth amendment and thereafter, for the bill as amended.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. MAHON].

Mr. MAHON. Mr. Chairman, we now see the House of Representatives operating at its worst instead of at its best.

We have three major pieces of legislation before us. Many of us have received many requests to vote for one of the pieces of legislation, H. R. 8002, which has been abandoned by the Committee on Government Operations and which is not now before us.

This bill is aimed at missiles, satellites, and aircraft. It will hamper the defense program. It will add redtape to procedures which are already cumbersome. It will tend to defeat the conquest of space and the speedup of the defense effort. Do not think you will ever have to apologize for voting against this hodgepodge of deception. It is claimed that the bill will save \$4 billion annually. It will not. It will increase costs and save nothing. I deliberately put that statement in the Record, and I predict that events will bear out my prediction. This I regret, but this we shall see.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. BECKER].

Mr. BECKER. Mr. Chairman, I know the expression has been used several times yesterday and today that "I am confused" and others are confused. One point I would like to get from somebody is this, will any of these bills recapture the unexpended \$70 billion that has been talked about?

Mr. BROWN of Ohio. The answer is "Yes."

Mr. TABER. The answer is "No."

Mr. BECKER. I rather expected that. Now I have another question I would like to ask. I am informed this morning that of the \$70 billion approximately forty-eight or forty-nine billion is in the Department of Defense unexpended balances and foreign aid unexpended balances, neither one of which will be accomplished under any of these bills. Is that correct?

Mr. MORANO. Judging from the answer to your previous question the answer would be "Yes" and "No."

Mr. BECKER. I give up.

The CHAIRMAN. The gentleman from Florida [Mr. ROGERS] is recognized.

Mr. ROGERS of Florida. Mr. Chairman, this enables the Congress, if in its wisdom it decides to rescind these funds, to do so. That is the answer. If we want to do it, we can under the Wigglesworth amendment. If we want to recapture control of the expenditures of

this Government for the Congress of the United States, if you want to give more authority to the Appropriations Committee, if you want to aid in better management, if you want to try to effect some better management which will result in some savings that have been testified to by the Comptroller of the Department of Defense, you should support this legislation and the Wigglesworth amendment, and your people at home and the American people will commend you.

The CHAIRMAN. The gentleman from Indiana [Mr. BROWNSON] is recognized.

Mr. BROWNSON. Mr. Chairman, there is a principle involved in our vote here today which is far more important than the conflicting personalities or the committee rivalry which has been so often mentioned. The principle involved is an important one and should be the primary consideration you look at today in making up your mind as to how you will vote on the Wigglesworth amendment and as to how you will vote on the final passage of this important bill, H. R. 8002.

The question to ask yourself is one that goes right to the core of this matter. Are you and your constituents completely and entirely happy with the effectiveness of congressional control that you have today over appropriations and over the expenditures of unobligated balances which cannot be reclaimed under the present system. In spite of all the fireworks and the fuss and furor, that is essentially the issue, today. If you are satisfied with the appropriations controls in use today to control Government spending; if your constituents are satisfied today, then you should join with the Committee on Appropriations in opposing any change in the appropriation procedure. If, on the hand, your constituents are dissatisfied, if you as their Congressman think the Congress of the United States has allowed the actual control over expenditures of the Federal Government to slip from its control, you should join with the entire membership of the Committee on Government Operations to vote for the Wigglesworth amendment and H. R. 8002, as amended. This is not a contest in longevity or years of seniority or loyalty to any great committee. It is a matter of principle, economy, and restoration of at least some of the congressional control over spending.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Chairman, the hearings on this legislation and the debate on it remind me of the old story I used to hear going the rounds of law offices in Ohio when I was studying law: "When you have both the law and the facts against you the only thing left to do is to give the other lawyer the devil." That is what we have heard here today.

The attempt to kill this bill will come either through a motion to strike out the enacting clause or through a motion to recommit. If you want to vote for the Wigglesworth amendment, which I believe you do, for it will be in line with the recommendations of the President of

the United States, the Hoover Commission, the Bureau of the Budget, the Secretary of the Treasury and great groups of citizens who have worked on this legislation for years and who are well qualified, as well as the unanimous support of the Committee on Government Operations, then vote "No" on either or both such motions, but if you want to kill the bill, then vote for the motion to recommit or the one to strike out the enacting clause.

If you want this kind of legislation to be made effective, so we can have greater control of appropriations, then vote against the motion to recommit, or to strike out the enacting clause.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. SANTANGELO].

(Mr. SANTANGELO asked and was given permission to revise and extend his remarks.)

Mr. SANTANGELO. Mr. Chairman, as a neophyte member of the House Committee on Appropriations, I would like to give you the benefit of my limited experience. We are faced with the issue of whether we should take the Taber amendment or the Wigglesworth amendment.

I, for one, favor the Taber amendment. What is the situation that exists? I recognize a sense of frustration on the part of Members outside of the Appropriations Committee because they do not know what the departments are spending. The members of the Appropriations Committee find out because they have to seek it out; they have to ask questions.

The Taber amendment says that the departments and agencies must give us the information, they must notify the Budget Bureau, and the President must tell us if there are any funds available; and must justify the continued existence of those funds. You Members will get the information. If you adopt the Taber amendment all the Members of Congress will get the information and you will not have to be on the Appropriations Committee and you will not have to ask questions to obtain such information.

As far as the Wigglesworth amendment is concerned I do not know whether it will save one dime, no one seems to know definitely, although there are many exaggerated claims of savings. As for myself I shall rely upon the experience of the gentleman from Missouri [Mr. CANNON], and the gentleman from New York [Mr. TABER], who indicate that the Wigglesworth amendment has weaknesses which disrupt the normal procedures. I think it would be a bad mistake to take the Wigglesworth amendment.

The CHAIRMAN. The gentleman from Wisconsin [Mr. TEWES] is recognized.

Mr. TEWES. Mr. Chairman, a first-term Congressman sitting in the House today must certainly be impressed with the fact that some of its better known figures, individuals of top seniority and some of its most economy minded Members, are bitterly opposed to H. R. 8002. When a measure has the opposition of men of this distinction, however strong

one's convictions may be, he is certainly given reason to pause and reflect.

On the other hand this bill is generally supported by the newer faces in the House—men without the authority of seniority or high rank on committees. Is it not possible that this coincidence has some significance?

Is it not possible that the senior leaders of this body and members of the Appropriations Committee deny this measure because they now have specified responsibilities which the bill would return to the House?

I am certain that they hold their convictions as they have always held them, because they honestly believe their opposition to be in the best interests of the country. I am certain that these men have, by their dedication, saved the country huge sums of money.

But perhaps this is an occasion when the newer Members, admittedly not as experienced in the workings of our complicated budget and expenditures, but also not entangled in the habit of our present procedures, can be more objective.

As one of the latter, I am well aware that the matter before us can be argued, vigorously both ways. Because this has been done by the experts during this debate, I shall not repeat. But one thread running through all the arguments and counterarguments is that the bill would return more control to the House itself. Inevitably, under 8002 there will be fewer decisions by subcommittees and more review by the individual Members of the House.

This I conceive to be all to the good. The balance between carryover appropriations and contract authority appears to me to be about equal. Perhaps the weight is even a little in favor of the former. But when we add to the latter, a significant return of discretionary authority to individual Members rather than individual committees, I believe the scales then are tipped strongly in favor of the bill now before us. I hope the measure will be enacted.

The CHAIRMAN. The gentleman from Virginia [Mr. GARY] is recognized.

Mr. GARY. Mr. Chairman, I certainly would not—

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Tennessee.

Mr. EVINS. One of the arguments advanced for this bill is that the Comptroller General of the United States disapproves it. I want to say that when the Comptroller General appeared before the Committee on Appropriations he was asked to state some argument or reason why this bill should be passed, and he gave no answer; he referred to his staff member, Mr. Morris. Mr. Morris said he had the answers but could not state them then but would send them to the committee.

Mr. GARY. I thank the gentleman for that contribution.

Mr. Chairman, I certainly would not ask that anyone support legislation because of the experience of the Members who are supporting it; but let me say that the great majority of the members

of the Committee on Appropriations opposed H. R. 8002, and now it has been completely abandoned, which, to my mind, is justification for the stand that the Committee on Appropriations has taken.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN. Mr. Chairman, to my very dear young friend from Wisconsin who referred to the old fossils in the House, may I say that I happen to be one of those who is supporting the present bill. While roaming the floor of the House yesterday afternoon and this morning the realization came to me that perhaps I was the only Member of the House who did not know all that could be known about this bill. In spite of my ignorance, I did learn that the fight seems to be between the Appropriations Committee on the one side and the Hoover Commission and the home folks on the other side. The Committee on Government Operations is clear out of the picture, according to the theory of the Appropriations Committee. This being the peoples Government and the giving promises of economy, I have to vote for it.

The Appropriations Committee gave the Hoover Commission something like \$2 million a few years ago to make a study. The Commission came up with certain recommendations and now seems to want to kick one result of their study out the window without a trial.

I am going along with the Hoover Commission and the people of my district much as I approve of the service rendered by the Committee on Appropriations.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN. Mr. Chairman, I repeat that I favor the Wigglesworth amendment. I am against any motion to recommit. I favor passage of the bill with the Wigglesworth amendment because I believe it would be in the interest of economy over a long period of time. I believe the able men who have studied the legislation and who know the Government structure thoroughly should be supported.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. KNOX].

(Mr. KNOX asked and was given permission to revise and extend his remarks.)

Mr. KNOX. Mr. Chairman, I rise to concur in all of the statements that have been made in the House in support of the bill, H. R. 8002, as amended by the Wigglesworth amendment. I say that due to my long experience in legislative matters, both in my own State of Michigan and the United States Congress.

The State of Michigan went on an accrual basis and recaptured all of the funds that were unobligated. These funds were brought back into the State treasury. This has been good for the State of Michigan and I believe it will

be good for the national Government also. Therefore, I hope that the Wigglesworth amendment will be agreed to and that the bill will not be recommitted to the committee.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. MEADER].

Mr. MEADER. Mr. Chairman, appropriated but unexpended balances in recent years have been getting out of hand. As I recall it, in 1953 we had something like \$80 billion of commitments from prior years facing the new Eisenhower administration.

This measure is an attempt to manage the appropriated but unexpended carry-over balances and I think it is an intelligent way to do it. The gentleman from Texas [Mr. MAHON] in a colloquy with me yesterday, appearing on page 3048 of the RECORD, seemed to agree with me that this is not mandatory, but discretionary and permissive legislation, that if the Appropriations Committee and the Congress impose no limitations on the annual accrued expenditures for any particular year, then there is no limitation, and if there ever is any limitation it is only one that the Congress itself imposes.

The hands of the Appropriations Committee are not tied by this legislation and, in my opinion, it is an intelligent attempt to get control over the appropriated but unexpended balances which have been getting out of hand in recent years.

The CHAIRMAN. The Chair recognizes the gentleman from Florida [Mr. FASCELL] to close debate.

Mr. FASCELL. Mr. Chairman, the Committee on Government Operations has accepted the Wigglesworth amendment and principle of the bill, H. R. 8002. Very simply stated, it means that it reserves transmittal of the budget on an accrual system to the Congress of the United States. It preserves the obligational system which the Appropriations Committee holds so dear. It includes all of the things that the Taber amendment tries to do and it sets up a mechanism whereby the Congress of the United States can get control of expenditures on an annual basis rather than leave it entirely in the hands of the Executive as is now the case.

Mr. SMITH of Virginia. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. SMITH of Virginia moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. SMITH of Virginia. Mr. Chairman, I make this motion not because I want to see the bill killed or see the enacting clause stricken out. I make it due to the parliamentary situation with which we are confronted. In order to get this bill back to the floor of the House, this motion at this time is necessary, and when it does come back to the House, if this motion prevails, I shall then ask for recognition to move that the bill be referred back to the Committee on Government Operations

for further study and for further consideration.

Now, my reason for that was indicated somewhat in the few remarks I made here yesterday. We are confronted with three conflicting bills. Those of us who have not been on any of the committees concerned with this legislation are just not in shape to know which is the best bill, and we want further advice on it and we want further consideration. And, we, I think, certainly all entertain the hope that all of these conflicting views, which are all presented in good faith, may in some way be reconciled and that then you can bring us a bill that everybody can support, including the Committee on Appropriations and the Committee on Government Operations.

Now, it is said that the Committee on Government Operations has now agreed upon a substitute bill. Well, my friends, they came before the Committee on Rules a week ago and asked for a rule on H. R. 8002, and we were told that that was the answer to all of our problems; that it had been given thorough study and consideration. Yet, when we got here yesterday morning, for the first time we were confronted with an absolutely new bill, a bill which the Members of the House knew nothing about nor had the opportunity to know anything about. Now, if it took the Committee on Government Operations, who have been very sincere and earnest and hard working in their efforts, just a short time to find out that their bill, H. R. 8002, was not any good and should be replaced by the Wigglesworth substitute, then is it not reasonable that the House should have a little more time, a little more consideration, and that the committee should give further consideration to see if we cannot all learn a little more about this subject and all be better prepared to vote on it than we are now? There is good in all of these three bills, and I honor everybody who has been connected with bringing them here, because I know they have done it with the deepest sincerity. But, we are dealing with a subject of the utmost technicality. Do not forget now that H. R. 8002 would put back in contract authorization. Well, the House had it. I remember when we had contract authorization, and after experience with it we decided it was not a good thing and we abandoned it. Did we do right or did we do wrong? It seems some folks thought we did wrong.

Now, members of the committee, let us have a little more time, a little more consideration, and a little more thought, and let this matter go back to the committee and give us all an opportunity to share in the knowledge which these very fine committees all have, and the fine work they have put on it.

Mr. FASCELL. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, this is the most polite way I have ever heard of anybody saying this is the best way to kill the bill; if you want to kill it, this is the cleanest way to do it, because nobody will know that you did it, unless they looked very closely into the RECORD.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. I have been intrigued by that which has just occurred on the floor. My chairman of the Committee on Rules, for whom I have great love and affection, rose here and asked that we strike out the enacting clause which, of course, is a very smart, a very clever, but not an unusual, way to kill a piece of legislation. It has been done before, may I say. Those of us who have been here for a long time know it. But I received a bit of a kick out of my good friend, the gentleman from Virginia, Mr. SMITH, talking about what a terrible thing it was that we accepted some amendments to this bill. Practically every piece of legislation that comes to the floor of this House is amended in some way or other. The gentleman criticized our great Committee on Government Operations because we agreed to accept an amendment; yet, not over 2 days ago, in connection with the rule granted on this bill by the Committee on Rules, of which the eminent gentleman from Virginia is the chairman, the gentleman came to me and made a proposal, and also supported an amendment, to amend the rule which his committee granted on this very piece of legislation. So I do not believe that his criticism should be well taken; that is, his criticism of our committee.

I agree fully with the gentleman that this is simply another attempt to kill this legislation by indirect action, by a parliamentary maneuver that may mislead some people. If you are for the bill you should not vote for the Smith motion. If you are against the bill you should vote for it.

Mr. FASCELL. Mr. Chairman, I thank the gentleman.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield for a brief comment?

Mr. FASCELL. I yield to the gentleman.

Mr. SMITH of Virginia. May I suggest that the gentleman devote his limited time to a discussion of my motion rather than to a discussion of me.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman.

Mr. MEADER. Mr. Chairman, I would like to ask the gentleman if the gentleman from Virginia [Mr. SMITH] was not mistaken when he said that the Wigglesworth amendment contained contract authority?

Mr. FASCELL. Certainly he was mistaken.

Mr. MEADER. If the gentleman from Virginia had attended the debate yesterday and today, he could not have been that mistaken about the meaning of the Wigglesworth amendment.

Mr. FASCELL. I leave that to somebody else's judgment. Very simply, Mr. Chairman, the motion is obvious on its face. If you strike the enacting clause you have a dead piece of legislation. If that is what you want, vote for the motion. If you are opposed to that, vote

against it and you will have an opportunity to vote on the legislation itself, which is a very important piece of legislation and certain should not be treated in the manner in which this motion offered to the committee at this time attempts to treat it.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman.

Mr. HOFFMAN. What about those funds for the extension of the Capitol? A waste and unnecessary as well as undesirable. Who put that money in? That came from the Appropriations Committee. Which only shows that the peoples wishes were not considered.

Mr. FASCELL. I leave that to be answered at another time. So, Mr. Chairman, without going any further into the matter, I am sure you are all aware of the purpose of the motion, and why it was made. I trust Members will reserve their rights as individuals to vote on the substance of the legislation rather than to treat it through the back door, which would be the case under this motion.

Mr. BROWNSON. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman.

Mr. BROWNSON. Is it not true that this matter of the Wigglesworth amendment has been under active discussion among many members of the Committee on Government Operations since early last fall and does not represent any rash or precipitate action taken immediately before this bill came to the floor?

Mr. FASCELL. The gentleman is correct. And further, we should correct the record about the attitude of the Comptroller General of the United States. I need not get into that now, but it is unfortunate that that kind of tactic is used, because the committee report on this bill will show that the Comptroller General of the United States supports the principles set forth in the legislation and the Wigglesworth amendment.

The CHAIRMAN. The question is on the motion offered by the gentleman from Virginia [Mr. SMITH].

The question was taken; and on a division (demanded by Mr. SMITH of Virginia and Mr. H. CARL ANDERSEN) there were—ayes 93, noes 145.

Mr. RABAUT. Mr. Chairman, I ask for tellers.

Tellers were refused.

So the motion was rejected.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH] to the amendment offered by the gentleman from New York [Mr. TABER].

The question was taken; and on a division (demanded by Mr. MORANO) there were—ayes 152, noes 113.

So the substitute amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. TABER], as amended by the substitute.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 152, noes 103.

So the amendment as amended was agreed to.

Mr. LIPSCOMB. Mr. Chairman, I am sure that most everyone is curious to know just what was going on yesterday when, in the debate on H. R. 8002, a Member of the House quoted from and discussed a letter concerning this legislation which was sent to me by Deputy Secretary of Defense Quarles. I arose at that time to question as to where a copy of the letter had been obtained, or, as on one occasion, to determine whether the letter that was being quoted and discussed was in fact the letter addressed to me.

I must confess that I too, at times, was very curious to know just what was going on. I would like to relate to the Members of the House some facts surrounding this much discussed letter, and let you judge the situation for yourselves.

On March 3, 1958, I sent a wire to the Secretary of Defense, requesting the views of the Department concerning H. R. 8002, which I stated would come up for consideration in the House on March 5, 1958. At the same time, I made similar requests to the Treasury Department, the Bureau of the Budget, and the Comptroller General. Answers from two of the latter were received by March 4, 1958, and the other, on the morning of March 5, 1958.

Up until the time I was required to go on the floor yesterday, I had received no response from the Department of Defense. Then at 1:30 in the afternoon, the letter from Deputy Secretary of Defense Quarles was delivered to my office. My secretary immediately hand-carried it over to the Capitol, and sent it in to me on the floor by page.

You can well imagine my surprise when, about 20 or 30 minutes later, after the letter was handed to me on the floor and I had just barely finished reading it, another Member should start quoting from the same letter. I was surprised not only because of the time factor, but also because someone had apparently overlooked a courtesy I believe I have every right to expect. That courtesy is to be informed on an original letter sent to me as to which other persons are receiving copies of the letter. There was no indication of any kind that a copy, or copies, for all I know, were being sent to other persons.

Then you can imagine my further surprise when, a little later on in the debate, a Member stated, and I quote from page 3051 of the March 5 RECORD:

Advocates of H. R. 3002—

I assume that should be H. R. 8002—received a letter from Secretary Quarles just this morning, under date of March 5, 1958.

As I stated, I did not receive the letter in the morning. It was delivered to my office at 1:30 p. m. and reached my hands shortly thereafter. I would be very interested in knowing, however, at what time the copy, or copies, of my letter was delivered to other persons.

I would like to point out also that this letter which was addressed to me was placed in the RECORD by another Member. It appears on page 3051 of the March 5 RECORD.

This is all I propose to say about the situation. Let the facts speak for themselves.

Now, since I have mentioned that I requested the views of the Treasury Department, the Bureau of the Budget, and the Comptroller General, I believe you will be interested in knowing what these agencies have to say about this legislation. As we know, these agencies are really qualified to discuss fiscal procedures and policies of Government, and are not interested in playing both sides against the middle. Their comments are set forth:

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., March 4, 1958.

Hon. G. P. LIPSCOMB,
House of Representatives,
Washington, D. C.

MY DEAR MR. LIPSCOMB: As requested, I am setting forth herein the views of the Bureau of the Budget with respect to the enclosed draft of an amendment to H. R. 8002.

The amendment would require that the budget include a proposed limitation on annual accrued expenditures for each appropriation account whenever a satisfactory system of accrual accounting is established for such account.

The amendment sets forth the items which would be chargeable against any such limitation on annual accrued expenditures. This constitutes, in effect, a definition of accrued expenditures which is substantially in accord with that term as defined in the reported version of H. R. 8002.

Any unused balance of the limitation on annual accrued expenditures would lapse at the end of the fiscal year concerned. Goods received during that year but not paid for could be paid for in the next fiscal year without further congressional action—provided the limitation was not thereby exceeded. Goods and services ordered during that year but received during a subsequent year could be paid for under the appropriation against which the obligation was incurred, but only within a new limitation on annual accrued expenditures established by the Congress for the subsequent year.

The effect of the amendment would be to give the Congress increased control over the value of goods and services to be received in each fiscal year. Appropriations would continue to be made in the same manner as at present and would continue to be available for incurring obligations and for making payment therefor; however, their use for the latter purpose would be subject to the limitations on accrued expenditures which would be established by the Congress each year.

The existing method of making appropriations and incurring obligations would be preserved. The use of contract authority would not be involved. Although the amendment would not eliminate the carryover of appropriation balances, it would permit Congress to control their use by determining, through the limitation on annual accrued expenditures, the value of goods and services which could be received each year. (While H. R. 8002, as reported, would eliminate the carryover of appropriation balances, it would involve a carryover of balances of contract authority.)

We believe that the draft amendment would accomplish substantially the same result contemplated by the recommendations of the Hoover Commission with respect to accrued expenditures, and the Bureau of the Budget would favor its enactment.

Sincerely yours,

PERCIVAL BRUNDAGE,
Director.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, March 4, 1958.

Hon. GLENARD P. LIPSCOMB,
House of Representatives.

DEAR MR. LIPSCOMB: Under date of March 3, 1958, you requested our position with respect to the proposed amendments to H. R. 8002 as set forth in the attached draft.

As you know, we have endorsed the provisions of H. R. 8002. We feel that the bill in its present form would carry out the recommendations of the Hoover Commission in that it would provide for proposed appropriations to be made on an annual accrued expenditure basis instead of an obligation basis; it would eliminate carry-over balances of appropriated funds; and would provide for single appropriation accounts for current and prior fiscal years.

The amendments would continue proposed appropriations on an obligation basis, but would provide for limitations of accrued expenditures to be incurred during the year. In this respect the amendments should accomplish the objective of a systematic annual review by Congress of the work programs for each year, whether financed from prior year appropriations or current appropriations. However, carry-over balances of appropriated funds would not be eliminated, nor would appropriation accounts be consolidated.

While we favor the provisions of H. R. 8002, the proposed amendments should, if properly implemented, provide an improvement over the present basis of stating appropriations and give Congress an improved control over the annual expenditures to be made by the Government.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

THE SECRETARY OF THE TREASURY,
Washington, March 5, 1958.

Hon. GLENARD P. LIPSCOMB,
House of Representatives,
Washington, D. C.

MY DEAR MR. LIPSCOMB: In response to your inquiry, the Treasury Department is in favor of the enclosed draft amendment to H. R. 8002 as described in the Bureau of the Budget letter to you of March 4, 1958.

This amendment would substantially carry out the recommendations of the Hoover Commission. It would also carry out the intent of the President's 1959 Budget Message in this regard.

Sincerely yours,

ROBERT B. ANDERSON,
Secretary of the Treasury.

Mr. WESTLAND. Mr. Chairman, I am pleased that the gentleman from Massachusetts [Mr. WIGGLESWORTH] has offered this body his amendments to H. R. 8002. I sincerely feel these amendments will overcome those objections to the bill some Members have expressed. At the same time, I believe the amendments do not in any way reduce the measure of intent or purpose for which the legislation was introduced.

This bill now before the Congress to put appropriations requests on an accrued expenditure basis has the support of many distinguished persons and groups including the President, former President Hoover, and the members of the Hoover Commission.

Passage of H. R. 8002 has been recommended by the Treasury Department and the Bureau of the Budget. Also, some 12 Members of the House including myself have introduced identical or similar bills. In addition there are

thousands of thoughtful American citizens, including more than 100 of my constituents in the Second District of Washington who have written to me, who support H. R. 8002 because they believe in better government at less cost.

Many Members of this House have recognized for some time the fact that we have given up much of our constitutional authority. Mr. Speaker, it is time for the control of the public's purse strings to pass back to the Congress where it belongs.

I will vote both for the amendment and the bill.

Mr. KEATING. Mr. Chairman, the amendment to H. R. 8002 proposed by the distinguished gentleman from Massachusetts [Mr. WIGGLESWORTH] is a realistic and appropriate solution to this problem.

Control over the financing of this Nation's activities has been slipping away from Congress. It is high time we, as the elected representatives of the American people, took steps to reassert our traditional role as watchdog of the Nation's purse.

Much time and effort has gone into the preparation of H. R. 8002. Certain serious objections have been raised to it. The amendment by the gentleman from Massachusetts would, in my estimation, if adopted, take the heart out of these objections.

Let there be no mistake. Under the present system there have been large surpluses carried over from year to year. These carryover funds have complicated to a great extent the ability of Congress to fairly and equitably appraise requests for additional funds. The picture has become so clouded at times as to defy intelligent consideration. All too often the Congress does not know how much money is being expended or, for reasons of program changes, for what purpose. This bill would not prevent authorization of long-term contracts as has been alleged. It would limit the funds actually appropriated to the estimated expenditures for the succeeding fiscal year.

The practice which leaves Congress in a financial darkness is an intolerable one which would be greatly alleviated by the adoption of the amendment before us. It would permit Congress to resume the place our constituents expect us to hold, as effective guardians of their tax contributions.

This bill has widespread and informed support. The President is for it. The Comptroller General is for it. The Director of the Bureau of the Budget is for it. It is the result of long and searching investigation by the second Hoover Commission and was passed without objection by the other House.

We are faced today with a total \$70 billion in carryover funds, the result of years of free spending under the present system. It is the usual practice for agencies to place more orders than necessary. Why? To be sure to obligate all its funds, since if not all funds are obligated, they revert to the Treasury; they are lost to the agency. This amendment would discourage this practice.

Expert opinion indicates considerable savings will result from enactment of this legislation. Padding of accounts would be much more difficult. When such padding took place, Congress would be in a far better position to use a firm hand and slice away the excess.

We must either pass this legislation or we will have perpetrated the present sorry state of affairs in which the Congress has largely abdicated its constitutional control over the power of the purse.

Mr. Chairman, the Committee on Government Operations has indicated that it will support this amendment in place of the original bill H. R. 8002. That is the position advocated by the Hoover Commission and by the President and the administration.

If this amendment is adopted, then an effort will be made to recommit the bill. The vote on that motion will be the crucial test. I hope the effort to kill this bill by recommitment will fail. If it is defeated, then the Senate-House conferees can get together and work out a mutually acceptable bill. If the motion carries, that will be the end of H. R. 8002 and with it, will die the hopes of those of us who seek by this method to support the Hoover Commission and help bring about greater fiscal efficiency and thereby achieve substantial economies over a period of years.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, pursuant to House Resolution 322, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. FORD. Mr. Speaker, I offer a motion to recommit.

The Clerk read as follows:

Mr. FORD moves to recommit the bill, H. R. 8002, to the Committee on Government Operations.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. FORD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 119, nays 275, not voting 37, as follows:

[Roll No. 18]

YEAS—119

Alexander	Ford	Natcher
Andersen,	Forrester	Norrell
H. Carl	Frazier	Ostertag
Anderson,	Garmatz	Passman
Mont.	Gary	Patman
Andrews	Gregory	Perkins
Anfuso	Gwinn	Philbin
Ashmore	Hagen	Poage
Balley	Hardy	Porter
Barden	Hébert	Preston
Barrett	Hemphill	Rabaut
Bass, Tenn.	Horan	Rains
Blitch	Hull	Ray
Bolling	Ikard	Riley
Bow	Jennings	Rogers, Mass.
Boykin	Jones, Mo.	Rogers, Tex.
Brooks, La.	Kelly, N. Y.	Rooney
Brooks, Tex.	Keogh	Roosevelt
Brown, Ga.	Kilburn	Rutherford
Budge	Kilday	Santangelo
Burleson	Klng	Shelley
Byrne, Pa.	Kirwan	Sheppard
Byrnes, Wis.	Kitchin	Sikes
Cannon	Lalrd	Sisk
Carnahan	Landrum	Smith, Va.
Cederberg	Lane	Spence
Celler	Lesinski	Sullivan
Christopher	Long	Taber
Clevenger	Loser	Thomas
Davis, Ga.	McFall	Thompson, La.
Denton	McGovern	Thompson, Tex.
Dingell	Magnuson	Thornberry
Donohue	Mahon	Trimble
Dorn, S. C.	Marshall	Udall
Durham	Metcalf	Ullman
Eberhart	Miller, Calif.	Wharton
Everett	Miller, Md.	Wier
Evins	Mills	Willis
Feighan	Morris	Young
Flood	Morrison	
Flynt	Multer	

NAYS—275

Abbltt	Cretella	Henderson
Abernethy	Cunningham,	Herlong
Adair	Iowa	Heslton
Addonizio	Cunningham,	Hess
Albert	Nebr.	Hiestand
Alger	Curtin	Hoeven
Allen, Calif.	Curtis, Mass.	Hoffman
Allen, Ill.	Curtis, Mo.	Hollifield
Arends	Dague	Holmes
Ashley	Dawson, Ill.	Holt
Aspinall	Dawson, Utah	Holtzman
Auchincloss	Delaney	Hosmer
Avery	Dellay	Huddleston
Ayres	Dennison	Hyde
Baker	Dent	Jackson
Baldwin	Derounian	Jarman
Bass, N. H.	Devereux	Jenkins
Bates	Dixon	Jensen
Baumhart	Dollinger	Johansen
Becker	Dooley	Johnson
Beckworth	Dorn, N. Y.	Jonas
Belcher	Dowdy	Jones, Ala.
Bennett, Fla.	Doyle	Judd
Bennett, Mich.	Dwyer	Karsten
Bentley	Edmondson	Kean
Berry	Elliot	Kearney
Betts	Fallon	Kearns
Blatnik	Farbsteln	Keating
Boggs	Fascell	Kee
Boland	Fenton	Kilgore
Bolton	Fino	Kluczynski
Bosch	Fisher	Knox
Boyle	Fogarty	Krueger
Bray	Fountain	Lafore
Breeding	Frelinghuysen	Lankford
Broomfield	Friedel	Latham
Brown, Ohio	Fulton	LeCompte
Brownson	Gathings	Lennon
Broyhill	Gavin	Libonati
Bush	George	Lipscomb
Byrd	Glenn	McCormack
Byrne, Ill.	Granahan	McCulloch
Canfield	Gray	McDonough
Carrigg	Green, Oreg.	McGregor
Chamberlain	Griffin	McIntire
Chelf	Griffiths	McIntosh
Chenoweth	Gubser	McVey
Chipperfield	Hale	Macdonald
Church	Haley	Machrowicz
Clark	Halleck	Mack, Ill.
Coad	Harden	Mack, Wash.
Coffin	Harris	Madden
Collier	Harrison, Nebr.	Mailliard
Colmer	Harrison, Va.	Martin
Cooley	Harvey	Mason
Corbett	Haskell	Matthews
Coudert	Hays, Ohio	May
Cramer	Healey	Meador

Merrow	Rees, Kans.	Teague, Tex.
Michel	Reuss	Teller
Miller, Nebr.	Rhodes, Ariz.	Tewes
Miller, N. Y.	Rhodes, Pa.	Thompson, N. J.
Minshall	Roberts	Thomson, Wyo.
Mitchell	Robeson, Va.	Tollefson
Montoya	Robison, N. Y.	Tuck
Moore	Robison, Ky.	Utt
Morano	Rodino	Vanik
Morgan	Rogers, Colo.	Van Pelt
Moss	Rogers, Fla.	Van Zandt
Moulder	Sadiak	Vorys
Mumma	St. George	Vursell
Neal	Saylor	Wainwright
Nicholson	Schenck	Walter
Nimtz	Scherer	Watts
Norblad	Schwengel	Weaver
O'Brien, Ill.	Scott, N. C.	Westland
O'Brien, N. Y.	Scott, Pa.	Whitener
O'Hara, Ill.	Scudder	Whitten
O'Hara, Minn.	Seely-Brown	Widnall
O'Konski	Selden	Wigglesworth
O'Neill	Sheehan	Williams, Miss.
Osmer	Siler	Wilson, Calif.
Patterson	Simpson, Ill.	Wilson, Ind.
Pelly	Simpson, Pa.	Winstead
Pfost	Smith, Calif.	Withrow
Pillion	Smith, Kans.	Wolverton
Poff	Smith, Miss.	Wright
Polk	Springer	Yates
Powell	Staggers	Younger
Price	Stauffer	Zablocki
Prouty	Talle	Zelenko
Quie	Taylor	
Reece, Tenn.	Teague, Calif.	

NOT VOTING—37

Baring	Grant	Radwan
Beamer	Green, Pa.	Reed
Bonner	Gross	Riehlman
Brown, Mo.	Hays, Ark.	Rivers
Buckley	Hill	Saund
Burdick	Hillings	Scrivner
Davis, Tenn.	Holland	Shuford
Dempsey	James	Sieminski
Dies	Knutson	Steed
Diggs	McCarthy	Vinson
Engle	McMillan	Williams, N. Y.
Forand	Murray	
Gordon	Pilcher	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Radwan for, with Mr. Riehlman against.

Mr. Pilcher for, with Mr. Green of Pennsylvania against.

Mr. Bonner for, with Mr. Beamer against.

Mr. Steed for, with Mr. Hillings against.

Mr. Brown of Missouri for, with Mr. Sieminski against.

Mr. Vinson for, with Mr. Buckley against.

Mr. Hays of Arkansas for, with Mr. Engle against.

Mr. Dies for, with Mr. Gordon against.

Mr. Diggs for, with Mr. McCarthy against.

Mr. James for, with Mr. Baring against.

Until further notice:

Mr. Forand with Mr. Burdick.

Mr. Grant with Mr. Gross.

Mr. Rivers with Mr. Hill.

Mr. Dempsey with Mr. Reed.

Mr. Holland with Mr. Williams of New York.

Mr. CORBETT changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. HOFFMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 311, nays 87, not voting 33, as follows:

[Roll No. 19]

YEAS—311

Abbltt	Albert	Anfuso
Abernethy	Alger	Arends
Adair	Allen, Calif.	Ashley
Addonizio	Allen, Ill.	Ashmore

Aspnall	Glenn	Neal
Auchincloss	Granahan	Nicholson
Avery	Gray	Nimtz
Ayres	Green, Oreg.	Norblad
Baker	Gregory	O'Brien, Ill.
Baldwin	Griffin	O'Brien, N. Y.
Baring	Griffiths	O'Hara, Ill.
Barrett	Gubser	O'Hara, Minn.
Bass, N. H.	Hale	O'Konski
Bass, Tenn.	Haley	O'Neill
Bates	Halleck	Osmers
Baumhart	Harden	Ostertag
Becker	Hardy	Patterson
Beckworth	Harris	Pelly
Belcher	Harrison, Nebr.	Pfost
Bennett, Fla.	Harrison, Va.	Pillion
Bennett, Mich.	Harvey	Poff
Bentley	Haskell	Polk
Berry	Hays, Ohio	Powell
Betts	Healey	Price
Blatnik	Hébert	Prouty
Boggs	Hemphill	Qule
Boland	Henderson	Reece, Tenn.
Bolton	Herlong	Reed
Bosch	Heseltun	Rees, Kans.
Bow	Hess	Reuss
Boyle	Hiestand	Rhodes, Ariz.
Bray	Hoeven	Rhodes, Pa.
Breeding	Hoffman	Roberts
Broomfield	Hollifield	Robeson, Va.
Brown, Ohio	Holmes	Robison, N. Y.
Brownson	Holt	Robison, Ky.
Broyhill	Holtzman	Rodino
Budge	Hosmer	Rogers, Colo.
Burleson	Huddleston	Rogers, Fla.
Bush	Hyde	Rogers, Tex.
Byrd	Jackson	Rutherford
Byrne, Ill.	Jarman	Sadlak
Byrne, Pa.	Jenkins	St. G.
Canfield	Jennings	Saylor
Carrigg	Jensen	Schenck
Chamberlain	Johansen	Scherer
Chelf	Johnson	Schwengel
Chenoweth	Jonas	Scott, N. C.
Chiperfield	Jones, Ala.	Scott, Pa.
Church	Jones, Mo.	Scudder
Clark	Judd	Seely-Brown
Coad	Karsten	Selden
Coffin	Kean	Sheehan
Collier	Kearney	Siler
Colmer	Kearns	Simpson, Ill.
Cooley	Keating	Simpson, Pa.
Corbett	Kee	Smith, Calif.
Coudert	Kilday	Smith, Kans.
Cramer	Kilgore	Smith, Miss.
Cretella	Kluczynski	Smith, Va.
Cunningham,	Knox	Springer
Iowa	Knutson	Staggers
Cunningham,	Krueger	Stauffer
Nebr.	Lafore	Talle
Curtin	Lankford	Taylor
Curtis, Mass.	Latham	Teague, Calif.
Curtis, Mo.	LeCompte	Teague, Tex.
Dague	Lennon	Teller
Davis, Ga.	Libonati	Tewes
Dawson, Ill.	Lipscomb	Thompson, N. J.
Dawson, Utah	Loser	Thompson, Tex.
Delaney	McCormack	Thomson, Wyo.
Dellay	McCulloch	Tollcson
Dennison	McDonough	Tuck
Dent	McGovern	Udall
Derounian	McGregor	Utt
Devereux	McIntire	Vanlk
Dixon	McIntosh	Van Pelt
Dollinger	McVey	Van Zandt
Dooley	Maddison	Vorys
Dorn, N. Y.	Maddison	Vursell
Dowdy	Maillard	Wainwright
Doyle	Martin	Walter
Dwyer	Mason	Watts
Edmondson	Mathews	Weaver
Elliott	May	Westland
Everett	Meador	Wharton
Evins	Morrow	Whitener
Fallon	Michel	Whitten
Farbsteln	Miller, Calif.	Widnall
Fascell	Miller, Nebr.	Wier
Fenton	Miller, N. Y.	Wigglesworth
Fino	Mills	Williams, Miss.
Fisher	Minshall	Wilson, Calif.
Fogarty	Mitchell	Wilson, Ind.
Forrester	Montoya	Winstead
Fountain	Moore	Withrow
Frazier	Morano	Wolverton
Frelinghuysen	Morgan	Wright
Friedel	Moss	Yates
Fulton	Moulder	Younger
Garmatz	Mumma	Zablocki
Gathings		Zelenko
Gavin		
George		

NAYS—87

Alexander	Anderson,	Barden
Anderson,	Mont.	Blitch
H. Carl	Andrews	Bolling

Boykin	Ikard	Phllbin
Brooks, La.	Kelly, N. Y.	Poage
Brooks, Tex.	Keogh	Porter
Brown, Ga.	Killburn	Preston
Byrnes, Wis.	Kling	Rabaut
Cannon	Kirwan	Rains
Carnahan	Kitchin	Ray
Cederberg	Lalrd	Riley
Celler	Landrum	Rogers, Mass.
Christopher	Lane	Rooney
Clevenger	Lesinski	Roosevelt
Denton	Long	Santangelo
Dingell	McFall	Shelley
Donohue	McMillan	Sheppard
Dorn, S. C.	Magnuson	Slkes
Durham	Mahon	Slisk
Eberharter	Marshall	Spence
Feighan	Metcalf	Sullivan
Flood	Miller, Md.	Taber
Flynt	Morris	Thomas
Ford	Morrison	Thompson, La.
Gary	Multer	Thornberry
Gross	Natcher	Trimble
Gwinn	Norrell	Ullman
Hagen	Passman	Willis
Horan	Patman	Young
Hull	Perkins	

NOT VOTING—33

Bailey	Forand	Pilcher
Beamer	Gordon	Radwan
Bonner	Grant	Riehlman
Brown, Mo.	Green, Pa.	Rivers
Buckley	Hays, Ark.	Saund
Burdick	Hill	Scrivner
Davis, Tenn.	Hillings	Shuford
Dempsey	Holland	Sieminski
Dies	James	Steed
Diggs	McCarthy	Vinson
Engle	Murray	Williams, N. Y.

So the bill was passed.

The Clerk announced the following pairs:

Mr. Bonner with Mr. Beamer.
 Mr. Brown of Missouri with Mr. Radwan.
 Mr. Engle with Mr. Riehlman.
 Mr. Grant with Mr. Williams of New York.
 Mr. Vinson with Mr. James.
 Mr. Pilcher with Mr. Hillings.
 Mr. Green of Pennsylvania with Mr. Hill.
 Mr. Steed with Mr. Burdick.

Mrs. SULLIVAN and Mr. WILLIS changed their vote from "yea" to "nay."

Mr. REECE of Tennessee changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. FASCELL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. FASCELL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill, S. 434, which is a similar bill to the House bill just passed.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Florida [Mr. FASCELL]?

Mr. TABER. Mr. Speaker, I object.

ADJOURNMENT UNTIL MONDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

DISPENSING WITH CALENDAR
WEDNESDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday of next week be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

LEGISLATIVE PROGRAM FOR NEXT WEEK

(Mr. ARENDS asked and was given permission to address the House for 1 minute.)

Mr. ARENDS. Mr. Speaker, may I ask the majority leader if he will kindly announce the program for next week?

Mr. McCORMACK. Mr. Speaker, in reply to the gentleman from Illinois, I may say that while Monday is District Day there are no District bills to be considered.

The bill S. 497, the river and harbor flood control bill will come up for general debate only on Monday and consideration will continue until completed.

On Tuesday, Wednesday, Thursday, and Friday, the following bills will be considered: H. R. 376, relating to futures trading in onions; H. R. 5309, an authorization relating to the lower Rio Grande rehabilitation project; H. R. 7870, an authorization relating to the Inter-American Highway; S. 2448, relating to the Government of Denmark; and H. R. 8361, relating to the abuse of habeas corpus.

There are the usual reservations that conference reports may be brought up at any time and any further program will be announced later.

Mr. COLMER. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from Mississippi.

Mr. COLMER. I desire to propound a question of the majority leader. May I call his attention to the fact that the bill H. R. 912 was reported out of the Rules Committee on January 30, last, under House Resolution 465 which was filed on that date. May I respectfully inquire of the distinguished majority leader when we might expect that bill to be programmed?

Mr. McCORMACK. May I say to the gentleman that when a rule is reported, after 7 legislative days any member of the Rules Committee who desires to do so may call it up as a preferential matter. Is that correct?

Mr. COLMER. That is correct.

Mr. McCORMACK. I know that the gentleman nor any other member of the Rules Committee would never do that without consulting with the majority leader whether myself or on occasion when the other party is in control, which we hope will not be for many, many years to come. I appreciate the gentleman making the inquiry. May I ask him, Does the gentleman want this bill programed?

Mr. COLMER. I am respectfully requesting that the majority leader program this bill.

Mr. McCORMACK. Under no circumstances would I disappoint my friend or any other member of the Rules Committee who serves notice that he would like to have it programmed. I shall program it for week after next.

COMMITTEE ON PUBLIC WORKS

Mr. FALLON. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may have until midnight tonight to file a report on the bill H. R. 9821.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

FEDERAL SUPPORT FOR PUBLIC EDUCATION

(Mr. McGOVERN asked and was given permission to extend his remarks at this point.)

Mr. McGOVERN. Mr. Speaker, 10 years ago this month the late Senator Robert Taft took the floor of the other body to plead for Federal support for public education in the United States. Said this distinguished majority leader on March 24, 1948:

It is popular to provide for public works—public works are nice things; we can see them. But when it comes down to the basic necessities of life and the basic elements of human welfare and human progress, there is nothing more important than education. It does not have the glamor that other things have, but it seems to me we must go forward in the field of education for our people and I know of no way of going forward in that field to any substantial degree without providing some Federal financial assistance.

Mr. Speaker, we ought to invest a larger share of our Federal revenues in education for the reason that Senator Taft suggested—the basic importance of education to human welfare.

In 1958, however, there are two additional reasons for a more adequate Federal investment in education.

First, our academic position has been seriously challenged by the Soviet Union.

Second, we are in an economic recession with 6 million people unemployed in the United States.

What more effective step could we take to strengthen our Nation's mind power and at the same time stimulate our economy than by a genuine Federal support program for education?

I am today introducing a comprehensive educational support bill providing for Federal grants to the States for educational purposes with no strings attached. The grants can be used by local school districts to meet what they regard as their most urgent needs, be it teacher salaries, school construction, or equipment. It is my conviction that the Congress should not make value judgments as to which phases of the curriculum or which parts of the school-financing program are most worthy of Federal support. This is a matter for local school officials and citizens to decide.

My bill also provides for college scholarships and loans and graduate fellowships to qualified students.

IMPROVING USEFULNESS UNITED STATES STATUTES AT LARGE

(Mr. KEOGH (at the request of Mr. MULTER) was granted permission to extend his remarks at this point.)

Mr. KEOGH. Mr. Speaker, I should like to direct the attention of the Members to a recent additional service to the United States Statutes at Large intended to improve the usefulness of the statutes. This is the supplementary pamphlet containing tables of laws affected in volume 70 of the Statutes at Large for the 84th Congress, 2d session. I understand that beginning with volume 71 similar tables will be published as an integral part of each volume and that from time to time the tables will be cumulated and made separately available as a convenience to users.

The General Services Administration, in particular the Federal Register Division, National Archives and Records Service, is to be commended for this worthwhile innovation. I should like also to commend Julius Silverstein, Esq., of the General Services Administration, for his part in the original suggestion for this improvement. I am pleased to note that this innovation is another step in the direction of the long-standing objective of the former House of Representatives Committee on Revision of the Laws, of which I had the honor to be chairman from the 76th Congress until the coming into effect of the Legislative Reorganization Act of 1946. When I became chairman in 1939, we adopted as the inspirational maxim of the committee that making the laws understandable is as important as making the laws. In our work of preparing the United States Code and the District of Columbia Code, we were always guided by that principle.

The tables of laws affected in volume 70 of the United States Statutes at Large are set out under two general headings:

First. Tables of amendments and repeals of prior laws and other Federal instruments.

Second. Tables of prior laws and other Federal instruments referred to in text.

These tables will facilitate the finding of laws affected by statutes contained in the current volume. I hope that this work will be projected a little further to bring up to date the Index to the Federal Statutes compiled in 1931 by Walter H. McClenon and Wilfred C. Gilbert, of the Legislative Reference Service of the Library of Congress. I still believe that no opportunity should be neglected by the Congress or the General Services Administration to make the laws understandable.

ECONOMIC BENEFITS FROM EXCISE TAX REDUCTIONS

Mr. KNOX. Mr. Speaker, I have today introduced meritorious excise tax reduction legislation that will upon its enactment provide a significant economic stimulant to the great American automobile industry, and, even more important, will similarly provide an economic stimulant to the economy generally. At the outset of my remarks I would stress the fact that one of the most significant fea-

tures of my bill that distinguishes it from other excise tax reduction legislation introduced in the House is that the proposed effective date for the excise tax rate reduction would be retroactive to March 1, 1958, regardless of the date on which the legislation becomes public law.

Mr. Speaker, upon enactment, my bill would provide that effective March 1, 1958, the Federal manufacturers excise tax applicable to automobiles and to parts and accessories would be reduced to 5 percent of the price for which sold. Under present law the excise tax on automobiles is 10 percent, and the excise tax applicable to parts and accessories is 8 percent. By making it clear that the benefits of the tax reduction would under the bill be available to consumers purchasing automobiles or parts on or after March 1, 1958, I have avoided the inducement to withhold consumer purchases that would attend proposed prospective excise tax reduction.

Mr. Speaker, I have stated that the economic benefits of this excise tax reduction would accrue not only to the automobile industry, but would also have a beneficial effect on the economy generally. I would like first of all to comment on the present employment and production conditions in our American automobile industry. In the first quarter of calendar year 1958 average monthly employment for hourly rated workers in the automobile and parts industries is estimated at 550,000 workers; a decline of 149,000 jobs below a comparable period in 1957, when the average number of workers per month was 699,000. Automobile production, excluding trucks, for the first 2 months of 1958 was 882,700 units, compared to 1,213,200 units in the first 2 months of 1957; a decline in the current period of 330,500 units. The fact that there appears to be no prospects for a self-generating reversal of the downward trend makes it imperative that the Federal Government take responsible steps to ameliorate this declining production.

I would now like to comment briefly on the basis for my contention that this tax reduction with respect to automobiles will inevitably benefit the economy generally. When it is considered that manufacturers of motor vehicles and parts buy 23 percent of all steel, 69 percent of all plate glass, 72 percent of all upholstery leather, 41 percent of all lead, 29 percent of all zinc, and 10 percent of all copper sold in the United States, it is readily apparent that enhanced automobile production will make an important contribution to providing the job opportunities and payroll levels paid to our American workers. To further indicate the essentiality of a healthy automobile industry to a high level of economic activity in the United States I would point to the fact that 1 million workers look to the motor vehicle, automotive parts, and tire industries for their employment. An additional 9 million workers look to the other phases of the highway transportation industry for their employment opportunities. Under these circumstances it is obvious that Government tax and fiscal policy cannot remain static

at a time when there is a decline in automobile production.

Mr. Speaker, no one more than I would desire to see the excise tax on automobiles eliminated completely. Unfortunately such outright repeal does not seem to be in the offing during this present session of Congress. Therefore, rather than to jeopardize the prospects of any tax relief in this area, I have responsibly advocated a reduction of 5 percent as the first step in a program of excise-tax reduction for this great industry. To insist on a greater tax reduction at this time would, in my judgment, be to aspire to an objective that would not be realized and would be to disregard the Federal budgetary requirements of our Nation for national security.

Mr. Speaker, I urge my colleagues in the House of Representatives to join with me in support of this legislation. I have today issued a statement relative to my bill, which I will include in the RECORD as a part of my remarks.

The statement follows:

The Honorable VICTOR A. KNOX, Republican, of Michigan, today announced the introduction in the United States House of Representatives of legislation to reduce, effective March 1, 1958, the Federal manufacturers excise taxes applicable to automobiles and to parts and accessories to 5 percent of the price for which sold. The existing tax applicable to automobiles is 10 percent of such price and the existing tax applicable to automotive parts is 8 percent. In introducing this legislation Congressman KNOX stressed the fact that his proposed excise-tax reduction would, upon enactment, become retroactively effective to sales occurring on or after March 1, 1958, so that the benefits of the tax reduction would be available to consumers purchasing automobiles or parts on or after that date.

Congressman KNOX stated that there are three compelling reasons dictating the favorable consideration of the proposed reduction of the excises applicable to automobiles and parts during the present session of the Congress. The first reason cited by Mr. KNOX related to what he termed a matter of simple tax justice. Mr. KNOX called attention to the fact that with respect to those excise taxes that were increased incident to the Korean war, the excises applicable to automotive products are virtually the only rates on any major products that have not been substantially reduced in the intervening period. As examples of excise tax reduction that has occurred in the case of other durable consumer goods, Mr. KNOX referred to the reduction from 10 percent to 5 percent of the Federal excise tax applicable to refrigerators, freezers, and electrical, gas, and oil appliances, and the rates on these articles had not been increased at the time of the Korean war.

A second compelling reason in favor of excise-tax reduction now is the need to provide a buoyant stimulant directly to the automotive industry with concomitant beneficial effects to be realized in the economy generally. When it is considered that nearly 1 million workers look for their employment in the motor vehicle, automotive parts, and tire plants, and that 9 million more individuals look for their employment to other phases of highway transportation, it is apparent that Government fiscal policy cannot remain static at a time when there is a decline in automobile production. This reason is made even more persuasive by the fact that 1 of every 7 persons works in the manufacture, distribution, service, or use of motor vehicles. In demonstrating the direct

collateral benefits that would be realized by industries serving as material suppliers to the automobile industry, Mr. KNOX set forth the facts that the manufacturers of motor vehicles and parts buy 23 percent of all steel, 69 percent of all plate glass, 72 percent of all upholstery leather, 41 percent of all lead, 29 percent of all zinc, and 10 percent of all copper sold in the United States.

A third compelling reason for favorable consideration of this legislative proposal to reduce the Federal excise tax on automobiles and on parts, according to Mr. KNOX, is the fact that the Federal automotive excise tax is particularly unfair to farm operators and workers and to low-income groups. Mr. KNOX stated that the automobile constitutes an essential element in the economic life of the American farmers. With respect to low-income families, Mr. KNOX called attention to the fact that individuals with earnings of less than \$4,000 a year comprise 44 percent of the passenger car owners. The Michigan legislator expressed the view that the automobile had long since ceased to be a luxury item and has now properly assumed an integral place in the American life.

In commenting on the revenue consequences of his legislative proposal Mr. KNOX stated that his suggested tax reduction would save the American consumers approximately \$500 million a year that could be used for other consumer purchases and thereby have a further stimulating impact on the economy. Mr. KNOX observed that the automobile is an instrumentality which generates production and employment and thereby creates income which in turn creates wider and more abundant sources of tax revenues. Accordingly, any Federal revenue loss that might result from the excise tax reduction would be significantly offset by revenue increases from augmented sales and from higher income taxes realized from an enhanced level of payrolls in the automotive and related industries.

Mr. KNOX expressed the view that even in the absence of the undeniable benefits that would inevitably accrue to other industries not directly benefited by this tax reduction, present day economic conditions in the automotive industry alone warrant tax reduction now. Mr. KNOX called attention to the fact that in the first quarter of calendar year 1958 average monthly employment for hourly rated workers in the automobile and parts industries is estimated at 550,000 workers; a decline of 149,000 jobs below a comparable period in 1957 when the average number of workers per month was 699,000. Automobile production in January and February, 1958 was almost 28 percent below a comparable figure for the previous year. Automobile production, excluding trucks, for the first two months of 1958 was 882,700 units compared to 1,213,200 units in the first two months of 1957; a decline in the current period of 330,500 units. The fact that there appear to be no prospects for a self-generating reversal of the downward trend makes it imperative that the Federal Government take responsible steps to ameliorate this declining production.

In commenting on the reasons for selecting 5 percent as the point to which tax reduction would be advocated, Mr. KNOX stated that he had given very earnest consideration to the obvious desirability of the outright repeal of the unwarranted Federal excise that is imposed on automobiles, an economic necessity. However, following a careful evaluation of the practical prospects of tax reduction or tax repeal, Mr. KNOX determined that a reduction to 5 percent was the most realistic approach in view of the Federal budgetary requirements for national security and in view of the excise tax rates applicable to comparable consumer durable goods. Mr. KNOX expressed the view that the advocacy of outright repeal of the tax

would jeopardize the prospects for realization of necessary tax relief in the current session of Congress. As a further reason for selecting 5 percent, Congressman KNOX indicated that even though automobile excise taxes are not earmarked for the highway trust fund, the complete elimination of this tax revenue source from the general funds of the Treasury might indirectly impair the availability of Federal funds for highway development. Similarly, Mr. KNOX expressed the hope that the Congress would at some time in the foreseeable future find it fiscally possible to reduce the Federal excise tax of 10 percent applicable to trucks. Such tax reduction was not proposed in Mr. KNOX's bill because of the fact that half of the tax is earmarked for the Federal highway program.

In commenting on the effective date provided in his bill of March 1, 1958, Mr. KNOX stressed the fact that it is important that excise tax reduction in this area must be provided retroactively so as to avoid any consequence of consumers withholding automobile purchases in anticipation of a prospective tax reduction. Mr. KNOX stated that in pressing for immediate consideration of his legislative proposal to provide tax relief to automobile users and the automobile industry he would make every effort to retain at least the March 1, 1958, effective date and if during the congressional consideration of the legislation it appeared administratively feasible to provide an even earlier effective date, he would support such a proposal.

Mr. KNOX stated that in introducing this legislation he was calling upon his colleagues to join him in this well-considered endeavor to provide a fiscally responsible and realistic stimulant to the American economy.

IMPROVED METHODS OF STATING BUDGET ESTIMATES

(Mr. NEAL asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. NEAL. Mr. Speaker, the debate on H. R. 8002 has been revealing in that uniformity of opinion as to its beneficial effects is far from reality. Whether its passage, even with the proposed amendment, will enable the Congress to maintain better control over Government expenditures remains a moot question. However, the enormous increase in Government costs in recent years incident to the building and the maintenance of adequate national defense, as well as for expansion of civil and domestic programs for the welfare of an ever increasing population, demands that every available means promising to lessen the load on the taxpaying citizenry be encouraged and implemented by the Congress.

Even though the majority of members of the Committee on Appropriations express doubts as to the effectiveness of this legislation, the preponderance of evidence lends encouragement to the belief that considerable savings will result from the adoption of the plan to consider appropriations on an annual accrual basis.

Since the termination date of this legislation will limit the experiment to the present administration, thereby in no way serving to embarrass the succeeding one in case it proves to be inefficient, I voted for the passage of H. R. 8002, as a move toward reducing Government costs.

Mar. 10, 1958

Public-utilities charges: "The committee has ... provided that no moneys appropriated by this act shall be expended for representation of executive agencies in proceedings involving carriers or other public utilities before Federal and State regulatory bodies under authority of section 201 of the act of June 30, 1949, as amended (40 U.S.C.A. sec. 481), or of section 303 of the act of August 3, 1956 (Public Law 968, 84th Cong.) except to prevent discrimination against the executive agencies by any carrier or public utility in the matter of services, facilities, or charges as compared with other users of similar services or facilities of the carrier or public utility."

National Science Foundation: "The committee recommends an increase of \$1,150,000, to restore the full amount of the budget estimate of \$9,900,000 requested for stepping up the activities of the National Science Foundation by supporting a greater number of the meritorious basic research proposals that have been received, by expanding the translations of foreign-language literature in the basic sciences, and by expanding science education activities."

"The committee agrees that it may be important to step up the fellowship and teacher-training programs, but believes such expansion should be along the scale as planned by the National Science Foundation, and not at the expense of lesser support for basic research grants."

Brussels Fair: "The committee recommends the cash appropriation of \$2,054,000 for the United States participation in the Universal and International Exhibition of Brussels during the 6 months' period, April 17 to October 19, 1958. This sum represents the full budget estimate requested and when added to the \$12,345,000 previously appropriated will complete the overall fund requirements of \$14,399,000 necessary to defray the costs of planned activities. The House bill allowed \$1,000,000, an unbudgeted amount, to be derived from funds previously appropriated for the Gorki Park, Moscow, exhibit with the proviso that such sum was available to the United States Public Health Service for a health exhibit."

International Trade Fairs: "The committee agrees with the House on the need for \$750,000 additional funds for the Department of Commerce to carry out the planned 1958 international trade fair program, and recommends the cash appropriation of such amount instead of the House proposal of utilizing a like amount from the \$2,200,000 previously appropriated for the Gorki Park, Moscow, exhibit. The committee recognizes the value of the trade mission portion of the trade fair program, and suggests that funds provided be so used that there will be no interruption of this activity."

In addition, the bill includes items for payment of claims for damages, audited claims, and judgments.

19. RESEARCH; PRODUCTION CONTROLS. Sen. Thye urged further attention to industrial-uses research and inserted an editorial on the problem of farm controls to prevent over-production, which concluded, "What seems likely...are production controls on the old basis of partial compliance." pp. 3328-9
20. FARM PROGRAM. Sen. Butler stated that he supported the administration's farm bill, discussed its relation to cotton and tobacco, and urged its passage as "one step toward greater freedom for farmers." p. 3337

Sen. Humphrey inserted the speech of Prof. Schultz of the Univ. of Chicago to the National Farm Institute, in which he opposed parity price formulas as unworkable, production controls as unacceptable, and Public Law 480 exports as working harm overseas. Prof. Schultz urged a program of forward pricing and income payments for hogs to increase consumption of feed grains together with price supports for all feed grains without acreage restrictions. pp. 3399-3402

21. BUDGETING. Agreed to place on the Senate Calendar without reference to the Government Operations Committee H. R. 8002, to provide for budgeting on an accrued expenditures basis. p. 3342
22. SOIL BANK. Sen. Humphrey inserted a statement and a letter from Rep. Reuss on the meaning of the \$3,000 limitation for soil bank payments to any one producer, and criticized the Secretary for his interpretation that the limitation applies to each farm unit instead of each producer. p. 3396
23. ECONOMIC SITUATION. Sen. Johnson urged action on measures to aid the unemployed, and inserted his statement to the Public Works Committee (pp. 3293-5) and an editorial urging such action (p. 3296). Sen. Knowland inserted a letter from the President on the measures the administration was adopting to stimulate private production and employment (pp. 3296-7). Sens. Smith, N. J., and Javits discussed a statement of themselves and 6 other Republican Sens. on the action Congress should take to combat recession, including channeling Federal buying into labor-surplus areas (p. 3297). Sen. Humphrey inserted a resolution of the Minneapolis, Minn., Central Labor Union urging immediate Congressional action for public works spending (p. 3300). Sen. Kefauver urged housing construction be accelerated by making more credit available (p. 3338). Sen. O'Mahoney stated that a report on 610 large companies showed that they had incomes 16% below 1956 in the last quarter of 1957, and criticized the administration for its attitude towards the economic situation at that time (pp. 3341-2). Sen. Allott urged Congressional action on such parts of the President's seven-point program as require legislation (pp. 3395-6).
24. DAIRY PRICE SUPPORTS. Received from the Ga. Legislature a resolution urging Congress to provide dairy price supports at \$3.25 a cwt. and use of the 1946-48 period as the parity base period. p. 3298
Sen. Proxmire criticized the Secretary's dairy price supports order.
Sen. Neuberger inserted six letters from Ore. opposing reductions in dairy price supports. pp. 3340-1
25. WATER CONSERVATION. Sen. Carlson inserted a resolution from the Kansas Industrial Development Commission pledging its support to the Federal agencies charged with developing the water resources, including SCS, and urging completion of the recommended water control projects in Kansas to attract new industries. p. 3299
Sen. Holland congratulated Sen. Ellender for defending the Federal water resources program in attacking certain contentions from a Saturday Evening Post article. p. 3313
26. HOUSING. The Senate Banking and Currency Committee reported (Mar. 6) without amendment S. 3418, an emergency housing bill (S. Rept. 1349). The bill includes a provision that, if a veteran is unable to obtain a loan under the Bankhead-Jones Farm Tenant Act or the Housing Act of 1949, he could be considered for a direct Veterans' Administration loan if VA designated his area as a "housing shortage area." Such loans could be made for construction of a dwelling, purchase of a farm with a dwelling, or repair, alternation, or improvement of a dwelling owned by the veteran.

Calendar No. 1382

85TH CONGRESS
2^D SESSION

H. R. 8002

IN THE SENATE OF THE UNITED STATES

MARCH 10, 1958

Read twice and ordered to be placed on the calendar

AN ACT

To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 201 of the Budget and Accounting Act, 1921,
4 as amended, is further amended by adding the following
5 new subsections:

6 “(b) Whenever the President determines there has been
7 established a satisfactory system of accrual accounting for
8 an appropriation or fund account, each proposed appro-
9 priation thereafter transmitted to the Congress for such
10 account pursuant to the provisions of this Act shall be

1 accompanied by a proposed limitation on annual accrued
2 expenditures.

3 “(c) Whenever an appropriation is subject to a limita-
4 tion on annual accrued expenditures, there shall be charged
5 against the limitation the cost of goods and services and
6 other assets received, advance payments made and progress
7 payments becoming due, and the amount of any other liabili-
8 ties becoming payable, during the fiscal year concerned.

9 “(d) At the end of the fiscal year concerned, any un-
10 used balance of the limitation on annual accrued expendi-
11 tures shall lapse.

12 “(e) Any liabilities becoming payable during the fiscal
13 year concerned but for which payment is not made during
14 that year may be paid, if not otherwise contrary to law, in a
15 subsequent fiscal year or years to the extent they are within
16 the limitation on annual accrued expenditures for the fiscal
17 year concerned.

18 “(f) Any obligations incurred during the fiscal year
19 concerned or in prior fiscal years which do not result in
20 liabilities becoming payable during the fiscal year concerned
21 shall be charged against the limitation on annual accrued
22 expenditures for any succeeding fiscal year in which such
23 obligations may result in liabilities becoming payable.

1 “(g) Nothing in subsections (b) through (f) of this
2 section shall be construed to change existing law with re-
3 spect to the method or manner of making appropriations
4 or the incurring of obligations under appropriations.”

5 SEC. 2. (a) It shall be in order to provide in any bill
6 or joint resolution making appropriations, or in any amend-
7 ment thereto, limitations on annual accrued expenditures
8 covering amounts becoming payable as a result of obligations
9 incurred both in the fiscal year concerned and in prior fiscal
10 years, and provisions pertaining to the availability of any
11 appropriations or funds previously made available.

12 (b) The provisions of subsection (a) of this section are
13 enacted by the Congress—

14 (1) as an exercise of the rulemaking power of the
15 Senate and the House of Representatives, respectively,
16 and as such they shall be considered as part of the rules
17 of each House, respectively, or of that House to which
18 they specifically apply; and such rules shall supersede
19 other rules only to the extent that they are inconsistent
20 therewith; and

21 (2) with full recognition of the Constitutional right
22 of either House to change such rules (so far as relating
23 to the procedure in such House) at any time, in the

1 same manner and to the same extent as in the case of
2 any other rule of such House.

3 SEC. 3. This Act, and the amendments made thereby
4 shall cease to be in effect April 1, 1962.

Passed the House of Representatives March 6, 1958.

Attest:

RALPH R. ROBERTS,

Clerk.

Calendar No. 1382

85TH CONGRESS
2d Session

H. R. 8002

AN ACT

To provide for improved methods of stating
budget estimates and estimates for deficiency
and supplemental appropriations.

MARCH 10, 1958

Read twice and ordered to be placed on the calendar

As you know, dairying is one of Oregon's chief industries and is engaged in by all sizes of corporations, associations, and cooperatives as well as individual farmers. With very little study and research you can determine the fate of the little dairyman milking 18 or 20 cows if the price support is removed from milk—and it's the little people of Oregon who make such an impact at the polls on election day.

It isn't fair or even good logic to risk cutting or doing away with the income of the already overworked dairyman and still continue to guarantee fabulous profits to the already wealthy owners of Oregon's wheat land. And while I'm on the subject, I have serious doubts as to the wisdom of paying a man to do nothing with his land.

I trust you will do your utmost to see that justice and equity are served in every instance rather than to help promote the convenience and prosperity of only a few.

Very truly yours,

LEONARD SQUIER.

LOWER COLUMBIA COOPERATIVE

DAIRY ASSOCIATION,

Clatskanie, Oreg., February 27, 1958.

Hon. RICHARD NEUBERGER,

United States Senate,

Washington, D. C.

DEAR SENATOR NEUBERGER: We are naturally concerned on behalf of our dairy people about what Congress will do with the dairy subsidy on April 1. A reduction from the present 83 percent of parity to the proposed 75 percent would work a real hardship on the dairymen of this area.

We believe the present subsidy should be retained until such time as the entire program can be abolished and some other plan adopted.

Our preference is for the self help plan as presented to Congress by the National Milk Producers Federation and several other organizations. This plan would relieve the taxpayers of the dairy subsidy burden and place the milk surpluses in control of the industry.

We will greatly appreciate any help you can give us in this matter.

Sincerely yours,

FRANCIS C. SPARKS, Manager.

DAYTON, OREG., March 5, 1958.

DEAR SIR: We are asking you to help preserve the support prices on milk as it now stands.

Most of our hired labor is in a better financial position than the owner.

If our income is lowered any more it will force many of us dairymen to go out of business.

How about giving us a bill to vote on such as the self help plan as proposed by the National Milk Producers Federation and the National Grange?

Please help.

MARVIN D. WILLIAMS,
MARIE A. WILLIAMS.

ECONOMIC CONDITIONS

Mr. O'MAHONEY. Mr. President, I am looking for a document which I should like to have printed in the RECORD today, but unfortunately it does not appear to be among my papers.

Let me say in the morning hour, as morning hour business, that on Saturday last I received my monthly letter from the First National City Bank of New York, one of the greatest banks in the world. It contained a statement about the current economic condition which ought to be brought to the attention of every Member of Congress and every person in Government.

I am going to ask unanimous consent that I may have the statement printed in the RECORD in connection with my remarks when I get it in my hand.

Let me state the content of the monthly economic letter of this great New York bank. It was a report as to some 610 of the largest manufacturing companies in the United States, on their final reports as to their net income during the year 1957.

These 610 companies included all steel companies, petroleum companies, producers, and refiners, manufacturers of textiles and apparel, manufacturers of food products, drugs, chemicals, and minerals of all kinds. There were included all the dominant industries in the United States.

These 610 companies reported that their net incomes in the last quarter of 1957 were 16-percent below what they had been in the same period of 1956.

When I read this report by such an eminent Wall Street authority without any tinge of partisan leanings of any kind, and certainly without any possibility of being accused of participating in the political aspirations of the Democratic National Committee, I was reminded of the fact that throughout the last 3 months of 1957 whenever any economist in Government, any Member of the Senate, or any Member of the House, dared to point a finger of warning with respect to any declines in our economy, such persons were immediately called prophets of doom and of gloom.

Here is the evidence that in the counting houses of the largest business corporations in America, during the months of October, November, and December, the recession was in progress and was becoming worse. The administration was doing nothing except to throw cold water upon the declarations which were being made by realistic observers of the economy that some positive action would have to be taken.

So strong was the conviction of the leaders of the administration that nothing needed to be done that when the President's budget was submitted to the Congress, in January, it contained paragraph after paragraph making it clear that nothing was to be done. Certainly nothing was to be done with respect to public works.

Not only was it stated in the President's budget message that there would be no new starts, but it was also stated in

the Budget in Brief that there would be no new starts.

However, now we have the facts before us; and finally, in the spirit of—shall we say complete cooperation and fairness?—the White House releases information about some program of public works, which information is given not to the Congress, to which the budget was sent, but to some Senators and Representatives from the States in which the administration now proposes to make some expenditures by way of public works. The policy laid down before the Congress in the budget message of the President is reversed; and the knowledge of this reversal is given not to the Congress as a whole, not to the Senate, or to the House; but to Members of the President's party in the Senate, the President's party in the House, and to some extent it is given to the press.

This is not the administration of the public affairs of the Government of the United States in the interest of all the people. It is the administration of such affairs in the interest of a political party, and that alone, though it does not know where it stands.

I ask unanimous consent that the article to which I have referred, in the monthly letter of the First National City Bank of New York, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CORPORATE EARNINGS IN 1957

Annual reports issued to date by companies engaged in all major lines of business reveal that—on an overall basis—the earnings drop in the fourth quarter largely cancelled the gains made earlier in the year. Our tabulation of 2,474 statements for the full year shows combined net income after taxes of \$15.4 billion, an increase of 1 percent over the total for 1956. This virtually unchanged total of net income represents a narrower average margin of profit on the substantially increased total of sales or revenues, as well as a lower rate of return on a greatly expanded capital investment.

Separate quarterly figures available for 610 manufacturing companies indicate that net income in the 4th quarter of 1957 was slightly below the 3d quarter, but 16 percent below the relatively high 4th quarter of 1956. The following condensed summary shows the predominance of declines in the fourth quarter, while the table on the next page gives a preliminary summary for the full year as reported to date by a much larger number of companies, representing other lines as well as manufacturing.

Net income of leading manufacturing corporations for the 4th quarter, 1956-57

(In thousands of dollars)

Industry groups	Number of companies	1956	1957	Percent change
Food products and beverages.....	49	82,882	87,129	+6
Tobacco products.....	10	44,090	46,921	+6
Textiles and apparel.....	28	31,420	22,182	-29
Paper and allied products.....	36	71,678	57,955	-19
Chemical products.....	39	238,459	213,947	-10
Drugs, soap, cosmetics.....	26	75,099	98,637	+25
Petroleum producing and refining.....	43	451,455	309,301	-31
Cement, glass, stone.....	46	87,180	85,699	-2
Iron and steel.....	35	343,144	285,281	-31
Machinery.....	66	108,883	85,800	-21
Other metal products.....	139	284,705	251,684	-12
Autos, other transportation equipment.....	50	390,256	370,395	-5
Miscellaneous manufacturing.....	43	134,998	106,268	-15
Total manufacturing.....	610	2,334,254	1,966,199	-16

For the full year 1957, reports of 1,194 manufacturing companies together showed net income practically unchanged from 1956. Subgroups registering gains include tobacco, shoes, drugs, steel, autos, and other transportation equipment. Those experiencing decreases include textiles, clothing, tires, paper, petroleum, building materials, and miscellaneous metal products. Although about 7 out of 10 manufacturers reported sales increases, rising costs so squeezed profit margins that only half of them were able to better their net income.

The best earnings, generally speaking, were realized by those industry groups which achieved the sharpest expansion in volume of dollar sales billed. Where sales increased only slightly, the persistently rising trend of costs—labor, materials, services, and taxes—caused net income to rise proportionately less or to dip. Where sales sagged below those of the previous year, earnings usually dropped quite sharply.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). Is there further morning business? If not, morning business is concluded.

SECOND SUPPLEMENTAL APPROPRIATIONS, 1958

Mr. LAUSCHE. Mr. President, I ask that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 10881) making supplemental appropriations for the fiscal year ending June 30, 1958, and for other purposes.

Mr. LAUSCHE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gore	McNamara
Allott	Green	Monroney
Anderson	Hayden	Morse
Barrett	Hennings	Morton
Bennett	Hickenlooper	Mundt
Bible	Hill	Neuberger
Bricker	Hoblitze	O'Mahoney
Bridges	Holland	Payne
Bush	Humphrey	Potter
Butler	Ives	Proxmire
Byrd	Jackson	Revercomb
Carlson	Javits	Robertson
Carroll	Jenner	Russell
Case, N. J.	Johnson, Tex.	Saltonstall
Case, S. Dak.	Johnston, S. C.	Schoeppel
Chavez	Kefauver	Scott
Clark	Kennedy	Smith, Maine
Cooper	Kerr	Smith, N. J.
Cotton	Knowland	Sparkman
Dirksen	Kuchel	Stennis
Douglas	Langer	Symington
Dworshak	Lausche	Talmadge
Eastland	Long	Thurmond
Ellender	Magnuson	Thye
Ervin	Malone	Watkins
Flanders	Mansfield	Wiley
Frear	Martin, Iowa	Williams
Fulbright	Martin, Pa.	Yarborough
Goldwater	McClellan	Young

Mr. MANSFIELD. I announce that the Senator from Idaho [Mr. CHURCH], the Senator from Montana [Mr. MURRAY], the Senator from Rhode Island [Mr. PASTORE], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

Mr. DIRKSEN. I announce that the Senator from Maryland [Mr. BEALL], the Senator from Indiana [Mr. CAPEHART],

the Senators from Nebraska [Mr. CURTIS and Mr. HRUSKA] and the Senator from Nevada [Mr. MALONE] are absent on official business.

The Senator from Connecticut [Mr. PURTELL] is necessarily absent.

The PRESIDING OFFICER. A quorum is present.

IMPROVED METHODS OF STATING BUDGET ESTIMATES AND ESTIMATES FOR DEFICIENCY AND SUPPLEMENTAL APPROPRIATIONS—HOUSE BILL PLACED ON CALENDAR

Mr. HUMPHREY. Mr. President, there is at the desk a bill, H. R. 8002, to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, which has just been approved by the House of Representatives and referred to the Senate.

The normal procedure would be to have this bill referred to the Committee on Government Operations for consideration. In view of the fact that the committee has had extended hearings and recommended the enactment, and the Senate has approved a similar bill, S. 434, I move that the House bill be placed on the Senate Calendar and not be referred to the committee.

It is believed that Members of the Senate are already sufficiently familiar with the purposes and objectives of this bill, which proposes to implement the recommendations of the Hoover Commission in the fields of budgeting and accounting, and that further committee consideration is not necessary under the circumstances. The matter has been cleared with the chairman of the committee.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to.

EXPORT-IMPORT BANK LOAN TO INDIA

Mr. HUMPHREY. Mr. President, last week the Department of State announced the agreement of our Government to loan the Republic of India \$225 million. One hundred and fifty million dollars of this amount is to be loaned by the Export-Import Bank, and \$75 million from the Development Loan Fund established by the Congress last year.

The announcement of this \$225 million loan should be welcomed enthusiastically by all Americans who have the best interests of this country and the Republic of India at heart. In what I have to say today, I do not mean to diminish in any way the importance of the \$225 million loan. The fact that I feel it is inadequate does not mean that it is unimportant. I wish to compliment those who have negotiated this agreement successfully, and I know that those who are responsible in India for the management of the second 5-year plan will breathe a little easier because of it.

Nevertheless, Mr. President, the fact remains that India is in trouble, and

that shots of adrenalin, even in the amount of \$225 million, will not cure the economic deficiency involved. When the Indian Finance Minister visited Europe and the United States late last year, he was then seeking \$600 million in an immediate international credit to save India's second 5-year plan. The practical alternative to such credit was and is abandonment of much of India's development plan, with all of the serious and tragic political consequences which such an eventuality might produce. We have only to look at the degree of need to see that our current \$225 million loan falls far short of the challenge and opportunity facing us.

India hopefully launched her present 5-year plan in April 1956 at an estimated cost of \$15 billion. Something between \$12 billion and \$13 billion of this amount was to be met with Indian rupee funds raised within India. The balance of about \$2.5 billion was to be in foreign currency, needed for imported machinery and supplies. In the remaining 3 years of the second 5-year plan, \$1.4 billion is the absolute minimum gap which must be filled from foreign sources by 1961. In view of the increasing difficulties in financing, probably \$2 billion comes closer to the actual need. Not all of this amount will have to come from American sources, but most of it will.

The situation is emphatically a special and serious one. It needs special and serious attention. India's strategic situation, her democratic institutions, her economic absorptive capacity, and her size and prestige in Asia and in world affairs, all add up to a unique challenge. The issue at stake is so crucial, and the assistance needed so large, that a Marshall plan effort for India is required, apart from the mutual-security program, the Development Loan Fund, and the Export-Import Bank assistance.

Indeed, the present instruments of assistance should not be distorted by exerting disproportionate pressure on them for the major Indian aid which they are unable to supply. I do not mean that these agencies should not play a role in Indian assistance. But the task is beyond them, singly or together.

It is not fully realized that there are two major challenges facing us in Indian economic assistance. The first is to provide the critical foreign exchange necessary for industrial progress until India can surmount her present balance-of-trade problem. The second, so far largely ignored, is to find a solution for the growing food crisis in India, to make certain that economic development is not undermined by uncontrollable inflation. Fortunately the United States has the tools to help on both fronts, if we will only put them to use.

Let us look first at the present foreign-exchange predicament, using the minimal, probably obsolescent, estimate of a \$1.4 billion gap in foreign credits over the next 3 years. Allow for the \$225 million loan just announced. Allow for the possible conversion to rupees of the 1952 wheat loan, as the distinguished senior Senator from Kentucky [Mr. COOPER] has proposed. Allow for certain funds from non-American sources.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued March 18, 1958
For actions of March 17, 1958
85th-2d, No. 42

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HIGHLIGHTS: See page 6.

SENATE

1. WHEAT. The Congressional Record states that the Senate passed without amendment H. R. 11086, to grant relief from penalties of certain farmers who overplanted their wheat acreage allotments (p. 4027). The Record also states that S. 3406, a similar bill, was passed over earlier in the day at the request of Sen. Talmadge (p. 4021). The office of the Senate bill clerk informs us that apparently H. R. 11086 was not passed, and that apparently the statement in the Record was in error.
2. CORN. Passed with amendment H. R. 10843, to permit soil bank payments to certain corn producers in the commercial area who exceed their corn acreage allotments, after substituting the language of a similar bill as reported, S. 3385, for the text of H. R. 10843. S. 3385 was indefinitely postponed. pp. 4022-23
At the request of Sen. Talmadge, passed over S. 3441, to increase the minimum acreage allotment for corn. pp. 4022
3. COTTON. At the request of Sen. Talmadge, passed over S. 3408 to provide that cotton acreage allotments for 1958 and subsequent years shall be no less than in 1956. p. 4022

4. SOIL BANK. Passed as reported S. 2937, to compensate producers for hardships suffered under the 1956 soil bank program as a result of incorrect information furnished by county committees. pp. 4025-26
5. BUDGETING. At the request of Sen. Talmadge, passed over H. R. 8002, to provide for budgeting on an accrued expenditure basis. p. 4021
6. FOREIGN TRADE; SURPLUS COMMODITIES. S. 3420, to extend Public Law 480, continued as the unfinished business of the Senate. p. 4028
Sens. Aiken and Case, S. Dak., submitted amendments intended to be proposed to this bill. p. 4002
7. DAIRY PRICE SUPPORTS. Sen. Proxmire criticized the order to lower price supports for dairy products, and stated that the dairy farmer "has been punished -- instead of rewarded -- for his efficiency and his increasing contribution to our standard of living." p. 4012
8. APPROPRIATIONS. A subcommittee of the Appropriations Committee ordered reported without amendment H. R. 11085, the Treasury-Post Office appropriation bill for 1959. p. D218
9. CHICORY IMPORTS. The Finance Committee ordered reported with amendment H. R. 5005, to suspend for two years the duty on crude chicory. p. D219
10. HIGHWAY BILLBOARDS. Sen. Neuberger urged support for legislation for the regulation of billboards along the new Interstate Highway system, and inserted an article on the subject. pp. 4005-07
11. SOIL CONSERVATION. Sen. Langer inserted two Soil Conservation District resolutions commending the accomplishments of the ACP program, and opposing enactment of S. 2496, relative to conservation of wildlife, fish, and game, because it would provide that "much of the conservation work done by co-operators on their farms would first have to be approved by the United States Fish and Wildlife Service." p. 4016
12. FOREST ROADS. Sen. Church inserted an Ida. Chamber of Commerce resolution favoring increased appropriations for forest access roads. p. 4018
13. WATER COMPACTS. Passed without amendment S. 2557, to grant the consent of Congress to an extension of time for the negotiation of water compacts by Nebr., Wyo., and S. Dak. p. 4026
14. FOREIGN AID. Sen. Cooper urged additional economic aid for India. pp. 4044-46
15. LEGISLATIVE PROGRAM. Sen. Johnson announced that S. 1356, to transfer certain functions under the Packers and Stockyards Act to FTC, will be considered this week, probably, Tues., Wed., or Thurs.; he also stated that there will be a delay in consideration of the road authorization bill until minority views can be prepared, but he hopes this bill can also be considered this week. pp. 3989-90, 4048

WHEAT ACREAGE HISTORY

The bnl (S. 3406) to amend the Agricultural Adjustment Act of 1938, as amended, with respect to wheat acreage history, was announced as next in order.

Mr. TALMADGE. Over, Mr. President. The bill is not properly calendar business.

The PRESIDING OFFICER. The bill will be passed over.

Mr. CASE of South Dakota. May I ask the distinguished Senator from Georgia if it is intended that Calendar No. 1378, S. 3420, a bill to extend and amend the Agricultural Trade Development and Assistance Act of 1954, popularly known as Public Law 480, and Calendar No. 1380, S. 3406, a bill to amend the Agricultural Adjustment Act of 1938, as amended, with respect to wheat acreage history, will be taken up for consideration by motion during this week?

Mr. TALMADGE. The majority leader has so announced. This side of the aisle—or at least the calendar committee—is wholeheartedly in favor of those bills, but we believed they were of sufficient importance and of such a major nature as to warrant debate and discussion by the entire membership of the Senate.

The majority leader, the Senator from Texas [Mr. JOHNSON], indicated last week that the major agricultural bills would be taken up by and would be voted on by the Senate this week.

Mr. CASE of South Dakota. Mr. President, both the bills are of major importance. It would be desirable, I think, to have the membership of the Senate on notice as to a definite time when the bill will be called up for consideration.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. TALMADGE. I refer to the CONGRESSIONAL RECORD of March 14, page 3980, where the Senator from Texas set forth the legislative program for the week. The Senator stated:

Mr. President, following the call of the calendar, at the earliest practical opportunity, the following measures will be brought before the Senate:

Calendar No. 1378, S. 3420, extending and amending the Agricultural Trade Development and Assistance Act.

Calendar No. 1392, S. 3441, providing for a minimum-acreage allotment for corn and other purposes.

Calendar No. 1393, S. 3408, amending the Agricultural Adjustment Act of 1938, as amended, to provide that cotton-acreage allotments for the States for 1958 and subsequent years shall be no less than in 1956.

Calendar No. 1394, S. 3385, amending section 114 of the Soil Bank Act with respect to compliance with corn-acreage allotments.

And so forth. The list includes, in addition to the bills I have mentioned, at least six other bills, most of which deal with major agricultural products.

The PRESIDING OFFICER. The Chair will advise that Calendar No. 1416, House bill 11086, is a companion bill to one of the bills just mentioned. Undoubtedly it will be passed over.

Mr. CASE of South Dakota. I wonder if the Senator from Georgia can be a little more precise as to what the most

practical moment will be for calling up these bills, and whether or not they will be called up in the order enumerated by the statement of the majority leader, which the Senator from Georgia has just read.

Mr. TALMADGE. I have no way of knowing what the majority leader had in mind, except what he said. I would not attempt to interpret the meaning of what he said. I think the statement is clear. I think it indicates that the majority leader expects to bring the bills up at the earliest possible opportunity this week.

Mr. CASE of South Dakota. I note that the distinguished majority leader is now present in the Chamber. I wonder if it would be possible for him to give us any sharper definition as to the time when these agricultural measures may be brought up for consideration. With respect to 1 or 2 of them, the Senator from South Dakota was contemplating possibly making a statement, and perhaps offering an amendment. If it were at all possible to be a little more precise as to the time when they will be called up, I think it would be helpful, not only to me, but to other Members of the Senate.

Mr. HOLLAND. Mr. President, before the distinguished majority leader answers the question, I should like to have him know that in his absence we conferred with the calendar committees on both sides of the aisle relative to Calendar No. 1394, Senate bill 3385, which relates to the counties which have become commercial corn counties this year for the first time. We find there is no opposition to the bill. In view of the fact that corn planting is in progress in my State at this time, I had hoped that the bill could be passed today, either on the call of the calendar or upon motion later.

I do not believe any of the other agricultural bills are in the same situation. The bill to which I refer was unanimously reported from the Committee on Agriculture and Forestry.

Mr. JOHNSON of Texas. Mr. President, I did not hear the inquiry of my friend from South Dakota. If he will repeat it, I shall try to be responsive.

Mr. CASE of South Dakota. I wonder if it would be possible to fix a little more precisely the time at which the various agricultural bills which have been mentioned may be considered. As the Senator from Georgia [Mr. TALMADGE] has indicated, they are of wide interest. There is hardly a State that is not affected by them in some way. If we knew more precisely when they were coming up, we could adjust our schedules and be ready with statements or amendments more promptly.

Mr. JOHNSON of Texas. The majority leader wishes to retain a reasonable degree of flexibility as to the order in which the various bills are to be called up.

All the bills listed on pages 3980 and 3981 of the RECORD are ready for action, but because of the indication by the Senator from Vermont that there might be some controversy with respect to the measure relating to Public Law 480, I do not plan to call it up on motion today,

because certain Senators desire to be absent on St. Patrick's Day. Unless I change my plans—and I do not think I shall—the bill relating to Public Law 480 will not come up today or tomorrow.

Mr. CASE of South Dakota. That is definitely helpful. Is it the prospect that the bill relating to wheat acreage will be taken up today?

Mr. JOHNSON of Texas. No. I do not plan to move to take up any bills today, other than those which may be passed on the call of the calendar.

Mr. CASE of South Dakota. That is certainly helpful, and I appreciate the statement.

Mr. JOHNSON of Texas. I am always glad to accommodate my friend, to reciprocate for his kindness to me.

Mr. HOLLAND. Mr. President, what can the majority leader tell us with respect to the bill I mentioned a few minutes ago?

Mr. JOHNSON of Texas. The calendar committees have cleared it. I am always glad to see such bills acted upon promptly.

The PRESIDING OFFICER. The clerk will state the next order of business on the calendar.

PETRIFIED FOREST NATIONAL PARK, ARIZ.—BILL PASSED TO FOOT OF CALENDAR

The bill (S. 2359) to authorize the establishment of the Petrified Forest National Park, in the State of Arizona, and for other purposes, was announced as next in order.

Mr. CLARK. Mr. President, I ask that the bill be placed at the foot of the calendar. House action is pending at this moment, and it is hoped that the congressional action on the bill can be completed if we place it at the foot of the calendar.

The PRESIDING OFFICER. Without objection, the bill will be placed at the foot of the calendar.

BILL PASSED OVER

The bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations was announced as next in order.

Mr. TALMADGE. Mr. President, I ask that the bill be passed over. It is not proper business to be disposed of on the call of the calendar.

The PRESIDING OFFICER. The bill will be passed over.

RICHARD K. LIM AND MARGARET K. LIM.

The bill (S. 1987) for the relief of Richard K. Lim and Margaret K. Lim was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted etc., That, for the purposes of the Immigration and Nationality Act, Richard K. Lim and Margaret K. Lim shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the re-

quired visa fees. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

SAYO ONO TAYLOR

The bill (S. 2735) for the relief of Sayo Ono Taylor was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted etc., That, for the purposes of the Immigration and Nationality Act, Sayo Ono Taylor shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

ABBAS MOHAMMAD AWAD

The Senate proceeded to consider the bill (S. 2713) for the relief of Abbas Mohammad Awad, which had been reported from the Committee on the Judiciary with an amendment, to strike out all after the enacting clause and insert:

That the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrant of arrest, and bonds which may have issued in the case of Abbas Mohammad Awad. From and after the date of the enactment of this act, the said Abbas Mohammad Awad shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JOHANNA DIPPOLD

The Senate proceeded to consider the bill (S. 2807) for the relief of Johanna Dippold, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act Johanna Dippold, the fiancée of Carl R. Pitchford, a citizen of the United States, shall be eligible for a visa as a nonimmigrant temporary visitor for a period of 3 months: *Provided*, That the administrative authorities find that the said Johanna Dippold is coming to the United States with a bona fide intention of being married to the said Carl R. Pitchford and that she is found otherwise admissible under the provisions of the Immigration and Nationality Act other than the provision of section 212 (a) (9) of that act: *Provided further*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act. In the event that the marriage between the above-named persons does not occur within 3 months after the entry of the said Johanna Dippold, she shall be required to depart from the United

States and upon failure to do so shall be deported in accordance with the provisions of sections 242 and 243 of the Immigration and Nationality Act. In the event that the marriage between the above-named persons shall occur within 3 months after the entry of the said Johanna Dippold, the Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Johanna Dippold as of the date of the payment by her of the required visa fee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

COMPACT BETWEEN THE STATE OF OREGON AND THE STATE OF WASHINGTON

The Senate proceeded to consider the bill (H. R. 7153) giving consent of Congress to a compact between the State of Oregon and the State of Washington establishing a boundary between those States, which had been reported from the Committee on the Judiciary with an amendment on page 2, after line 4, to strike out:

Sec. 2. The right to alter, amend, or repeal this act is expressly reserved.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

FOURTH INTERNATIONAL AUTOMATION CONGRESS AND EXPOSITION

The Senate proceeded to consider the joint resolution (H. J. Res. 347) authorizing and requesting the President to invite the several States and foreign countries to take part in the Fourth International Automation Congress and Exposition to be held in the New York Coliseum at New York, N. Y., from June 9 to June 13, 1958, which had been reported from the Committee on Foreign Relations with amendments, on page 2, line 3, after the word "authorized", to strike out "and requested"; and in line 7, after the year "1958", to strike out the semicolon and "and be it further

Resolved, That no funds appropriated by Congress for any purpose whatsoever shall be used to defray the expenses of any foreign country or foreign individual participating in the Fourth International Automation Congress and Exposition to be held in New York City."

The amendments were agreed to.

The amendments were ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time, and passed.

The preamble was agreed to.

The title was amended, so as to read: "Joint resolution authorizing the President to invite the several States and foreign countries to take part in the Fourth International Automation Congress and Exposition to be held in the New York Coliseum at New York, N. Y., from June 9 to June 13, 1958."

BILLS PASSED OVER

The bill (S. 3441) to provide for a minimum acreage allotment for corn and for other purposes was announced as next in order.

Mr. ELLENDER. Over.

Mr. TALMADGE. Mr. President, I ask that the bill be passed over. It is not proper business to be disposed of on the call of the calendar.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3408) to amend the Agricultural Adjustment Act of 1938, as amended, so as to provide that cotton-acreage allotments for the States for 1958 and subsequent years shall be no less than in 1956, and for other purposes was announced as next in order.

Mr. TALMADGE. Mr. President, Senate bill 3408 is a bill authored by the junior Senator from Georgia and several other Senators. I ask unanimous consent at this time that the junior Senator from Mississippi [Mr. STENNIS] be listed as one of the sponsors of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TALMADGE. The bill is extremely important to a vast section of our country, but it is the opinion of the calendar committee that it is not calendar business, and it is requested that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

CORN-ACREAGE ALLOTMENTS

The Senate proceeded to consider the bill (S. 3385) to amend section 114 of the Soil Bank Act with respect to compliance with corn-acreage allotments, which had been reported from the Committee on Agriculture and Forestry with an amendment, on page 1, line 7, after the word "under", to insert "an acreage-reserve contract or", so as to make the bill read:

Be it enacted, etc., That section 114 of the Soil Bank Act is amended by adding at the end thereof the following:

"Notwithstanding any other provision of this section, no person shall be ineligible to receive payments or compensation under an acreage-reserve contract or a conservation-reserve contract by reason of the fact that the corn acreage on the farm exceeds the farm-acreage allotment for corn if such contract was entered into prior to January 1 of the first year for which the county is included in the commercial corn-producing area: *Provided*, That the foregoing provisions of this sentence shall apply only to a farm for which an 'old farm' corn allotment is established for such first year. For purposes of this provision, a contract which has been terminated by the producer under the program regulations by reason of the fact that the county in which the farm is located was included in the commercial corn-producing area for the first time in 1958, and which is reinstated, shall be deemed to have been entered into as of the original date of execution of such contract."

The amendment was agreed to.

Mr. HOLLAND. Mr. President, I appreciate the courtesy of the calendar committees on both sides of the aisle, and of the majority and minority leaders in permitting passage of the bill at this time.

16. SUBSIDIES. This office has received a few copies of a Committee Print issued by the House Agriculture Committee, entitled "Government Subsidy Historical Review, A Summary of the Use of Subsidies to Advance the Aims and Purposes of Government Since the First Congress to the Present Time." The report discusses the use of government action to improve the economic position of individuals or enterprises, and concludes that the total population feels the impact, and benefits, from subsidies, and that farm price supports attract unusual attention due to the strict accounting of its costs. It includes a short discussion on the Department's Realized Cost Statement.
17. LEGISLATIVE PROGRAM. Rep. McCormack announced the following program for today: resolution continuing funds for agencies until enactment of their regular appropriation bills for 1959; H. R. 12695, excise-tax extension conference report; and H. R. 12181, mutual security authorization conference report. p. 11174
- SENATE
18. MILK. Passed as reported S. J. Res. 181, to extend the special milk program for 60 days, to Aug. 31, 1958. p. 11193
19. BUDGETING. H. R. 8002, to provide for budgeting on an accrued expenditure basis, was taken from the calendar and referred to the Appropriations Committee for study, with orders to report it back in 15 days. Sen. Hayden stated that the bill would amend the rules of the Senate as well as change certain appropriation laws, and thus should be examined by the Appropriations Committee. pp. 11197-8
20. CIVIL DEFENSE. The Armed Services Committee reported an original bill, S. 4062, to extend certain emergency powers of the FCDA (S. Rept. 1760). p. 11190
21. STATEHOOD. Continued debate on H. R. 7999, to admit Alaska into the Union as a State. pp. 11203-15, 11224-39, 11240-1, 11243-57
22. RECLAMATION. Passed as reported S. 4009, to increase the authorization for the Washoe Reclamation project, Nev. and Calif., from \$43.7 million to \$52 million, and to allow construction of Prosser Dam which would regulate water released from Lake Tahoe. p. 11221
23. TRADE AGREEMENTS. Sen. Bridges stated he had reservations concerning certain aspects of the Reciprocal Trade Agreements extension bill, and inserted a resolution of the City Government of Manchester, N. H., opposing the bill. pp. 11199-200
24. HUMANE SLAUGHTER. The report of the Agriculture and Forestry Committee on H. R. 8308, the humane slaughter bill, (see Digest 100) states the purpose of the bill as reported as follows:

"This bill, with the committee amendment to its text, is designed to bring about the use of humane methods in all livestock and poultry slaughter operations in the United States. To accomplish this purpose the bill provides for--

- (1) research to develop and determine humane methods;
- (2) promotion of the use of humane methods;
- (3) progress reports to Congress;
- (4) submission to Congress within 2 years of a complete legislative proposal requiring adoption by slaughterers of humane methods;

(5) an advisory committee drawn from interested groups to assist in effectuating the act; and

(6) appropriation of necessary funds."

25. SMALL BUSINESS. Sen. Wiley commended the work of the Small Business Administration, and urged Congress to make the agency permanent. p. 11224
26. DEFENSE PRODUCTION. Both Houses received from the Office of Defense Mobilization a proposed bill "to amend the Defense Production Act of 1950"; to the Banking and Currency Committee. pp. 11184, 11190
27. PROPERTY. Both Houses received from General Services Administration a proposed bill to amend the Federal Property and Administrative Services Act of 1949," to promote the utilization of excess property and to simplify the reimbursement procedure for transfers of such property"; to the Government Operations Committees. pp. 11184, 11190
28. UNITED NATIONS. Both Houses received from the President a report on U. S. participation in the United Nations during 1957 (H. Doc. 372). pp. 11119-20, 11187

ITEMS IN APPENDIX

29. RESEARCH. Sen. Anderson commended the Jt. Committee on Atomic Energy for approving additional research projects in the construction of atomic-research facilities. pp. A5816-7
30. FARM PROGRAM. Sen. Talmadge inserted an editorial in support of his proposed farm bill. pp. A5821-2
Sen. Talmadge inserted an editorial criticizing the administration's farm policies. pp. A5823-4
Extension of remarks of Rep. Quie urging the House to pass immediately legislation to extend the special milk program and Public Law 480. p. A5838
Extension of remarks of Rep. Robison urging extension of the special milk program. p. A5839
31. LAWS. Rep. Keating inserted an editorial "Second Look At The Smith Bill," opposing enactment of H. R. 3, to require interpretation of acts of Congress as intended not to pre-empt the field from State action. p. A5822
Rep. Celler inserted his letter to the Editor opposing H. R. 3. pp. A5836-7
32. ECONOMIC SITUATION. Sen. Humphrey inserted an editorial, "A Dubious Policy Guide," criticizing the alleged influence of the Consumer Price Index on policy-making. p. A5823
33. DAIRY PRODUCTS. Rep. Allen, Ill., inserted a resolution of the Prairie State Chiropractic Ass'n urging greater use of dairy products. p. A5825
34. STATEHOOD. Del. Bartlett inserted a resolution of the American Legion in Alaska calling for immediate statehood for Alaska. p. A5828
Sen. Neuberger inserted an article commending Sen. Jackson for his efforts on behalf of Alaskan statehood. pp. A5833-4

85TH CONGRESS
2D SESSION

H. R. 8002

IN THE SENATE OF THE UNITED STATES

MARCH 10, 1958

Read twice and ordered to be placed on the calendar

JUNE 26 (legislative day, JUNE 24), 1958

Referred to the Committee on Appropriations with instructions to report back
not later than fifteen days from the date of reference

AN ACT

To provide for improved methods of stating budget estimates and
estimates for deficiency and supplemental appropriations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 201 of the Budget and Accounting Act, 1921,
4 as amended, is further amended by adding the following
5 new subsections:

6 “(b) Whenever the President determines there has
7 been established a satisfactory system of accrual accounting
8 for an appropriation or fund account, each proposed appro-
9 priation thereafter transmitted to the Congress for such
10 account pursuant to the provisions of this Act shall be

1 accompanied by a proposed limitation on annual accrued
2 expenditures.

3 “(c) Whenever an appropriation is subject to a limita-
4 tion on annual accrued expenditures, there shall be charged
5 against the limitation the cost of goods and services and
6 other assets received, advance payments made and progress
7 payments becoming due, and the amount of any other liabili-
8 ties becoming payable, during the fiscal year concerned.

9 “(d) At the end of the fiscal year concerned, any un-
10 used balance of the limitation on annual accrued expendi-
11 tures shall lapse.

12 “(e) Any liabilities becoming payable during the fiscal
13 year concerned but for which payment is not made during
14 that year may be paid, if not otherwise contrary to law, in a
15 subsequent fiscal year or years to the extent they are within
16 the limitation on annual accrued expenditures for the fiscal
17 year concerned.

18 “(f) Any obligations incurred during the fiscal year
19 concerned or in prior fiscal years which do not result in
20 liabilities becoming payable during the fiscal year concerned
21 shall be charged against the limitation on annual accrued
22 expenditures for any succeeding fiscal year in which such
23 obligations may result in liabilities becoming payable.

1 “(g) Nothing in subsections (b) through (f) of this
2 section shall be construed to change existing law with re-
3 spect to the method or manner of making appropriations
4 or the incurring of obligations under appropriations.”

5 SEC. 2. (a) It shall be in order to provide in any bill
6 or joint resolution making appropriations, or in any amend-
7 ment thereto, limitations on annual accrued expenditures
8 covering amounts becoming payable as a result of obligations
9 incurred both in the fiscal year concerned and in prior fiscal
10 years, and provisions pertaining to the availability of any
11 appropriations or funds previously made available.

12 (b) The provisions of subsection (a) of this section are
13 enacted by the Congress—

14 (1) as an exercise of the rulemaking power of the
15 Senate and the House of Representatives, respectively,
16 and as such they shall be considered as part of the rules
17 of each House, respectively, or of that House to which
18 they specifically apply; and such rules shall supersede
19 other rules only to the extent that they are inconsistent
20 therewith; and

21 (2) with full recognition of the Constitutional right
22 of either House to change such rules (so far as relating
23 to the procedure in such House) at any time, in the

1 same manner and to the same extent as in the case of
 2 any other rule of such House.

3 SEC. 3. This Act, and the amendments made thereby
 4 shall cease to be in effect April 1, 1962.

Passed the House of Representatives March 6, 1958.

Attest: RALPH R. ROBERTS,
Clerk.

85TH CONGRESS
 2D SESSION

H. R. 8002

AN ACT

To provide for improved methods of stating
 budget estimates and estimates for deficiency
 and supplemental appropriations.

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the free world would do and decisive action following it up has proved to be the best and most effective reply and has worked. There is every indication that it can work in Lebanon, too.

The U. N. General Assembly will, within perhaps hours, have the historic decision in its hands. As to the Asian and African powers whose individual votes will be so vital to the decisions of that Assembly, they may well consider their own security in terms of the principle which will be reaffirmed in Lebanon that aggression need not be by the march of an army across a border but that modern aggression is just as effective to snuff out national life if it is in the guise of subversion and infiltration against a long and poorly guarded border as in Lebanon. The United Nations' historic opportunity not only applies to Lebanon but to every new and small nation in the free world. To be forewarned is to be forearmed.

I hope very much that the people of our country will give support in this situation, which involves a matter of the most delicate international policy, and upon which the preservation of international peace may well hinge.

Mr. President, I ask unanimous consent that there may be printed in the RECORD as a part of my remarks today's lead editorials on this subject published in the New York Times, the New York Herald Tribune, and the Washington Post.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the New York Times of June 26, 1958]

CRISIS IN LEBANON

Confronted with direct and indirect aggression by President Nasser's Soviet-backed United Arab Republic, the embattled Government of Lebanon has appealed to the United Nations for help. In a formal request to Secretary General Hammarskjold in Beirut, Lebanese Premier Solh has called for a United Nations emergency force to seal off Lebanon's frontiers against further infiltration of Egyptian and Syrian "volunteers."

The Lebanese appeal comes amid indications that the rebels are massing for a showdown battle and that a crisis is at hand. Should the pro-Nasser forces win they could well precipitate a landslide that would put the whole Middle East under Nasser's, and, thus indirectly under Soviet, control.

Despite this danger, President Chamoun has wisely declared that in any appeal for outside aid his Government will stay strictly within the United Nations Charter. In conformity with the charter, therefore, Lebanon appeals for aid, not against domestic rebels, whom it can handle, but against foreign support for them amounting to aggression that is interdicted by the charter. The United Nations has sent observers into Lebanon, but that step is no longer adequate.

The United Nations, which saved Nasser during the Suez crisis, now faces another test: This time, can it stop him? This test is all the more grave because the Soviets, as in the cases of Korea and Hungary, denounce any United Nations resistance to their own or their allies' ambitions as aggression to which they will not remain indifferent. This sounds like a threat of Soviet counterintervention.

Certainly the United Nations cannot bow to intimidation and remain true to its mission. Should the Soviets veto a proper response to

the Lebanese appeal in the Security Council it will be the responsibility of the General Assembly to take action. Should it fail to do so, the only alternative left to the Lebanese Government, as indicated by President Chamoun, would be to invoke article 51 of the charter, authorizing individual or collective self-defense against armed attack. This would mean a call on the West as well as on the Baghdad Powers for armed support, which could have wider repercussions than anything done under United Nations auspices.

[From the New York Herald Tribune of June 26, 1958]

MUST WE INTERVENE IN LEBANON?

Eight years after the Communist aggression in Korea, a similar form of piecemeal conquest is threatening to overthrow the independence of Lebanon. Secretary General Dag Hammarskjold's intercessions with President Nasser, of the United Arab Republic, seem to have come to naught. The pan-Arabic infiltration of men and weapons across Lebanon's borders flows on.

As a result Lebanon is reported to have asked for a United Nations emergency force, similar to that which rescued Egypt in 1956, to intervene to seal off its Syrian border.

Premier Sami Solh, the Moslem who shares Lebanon's Government with the Christian President Chamoun, told Mr. Hammarskjold: "What exists in Lebanon is not a rebellion but a state of war."

The Secretary General is expected to return to New York later today and will immediately consult with the chief delegates.

It is not expected that an immediate meeting of the Security Council will be sought. Mr. Hammarskjold is still hopeful of achieving a settlement short of U. N. intervention. But if the Security Council is called a Soviet veto is certain, hence any action that comes will have to originate in the General Assembly, as with Suez.

American leaders are also hopeful that intervention can be avoided, although they and the British have promised the Lebanese Government armed assistance if called upon to provide it. Indeed, even without U. N. action, they can provide it under the collective self-defense provisos of article 51 of the U. N. Charter.

The difficulty is that, while Nasser's Republic is undoubtedly egging on the rebels and supplying them, they still represent a genuine internal opposition to President Chamoun's government. The true situation is in part civil war, in part invasion. It is feared that intervention, even under U. N. resolution, would create so much bitterness that peace could never be restored. The U. N. forces might bog down into endless guerrilla warfare with the Arab rebels. Not even all the Christians, who make up 50 percent of the population, support Chamoun's abandoning of Lebanon's traditional neutrality to accept the Eisenhower doctrine.

We must continue to press for mediation as long as Hammarskjold thinks it has a chance.

But we cannot allow Lebanon to be taken by Soviet aggression, once removed. If we tolerate that we must prepare to accept a series of such aggressions which, one by one, will gobble up all the world and shut our factories off from its raw materials.

The Soviets are issuing their usual ominous warnings against any U. N. action. But if the rest of the U. N. allows fear of such threats to prevent it from aiding the victim of aggression, the U. N. itself might just as well disband.

By the coming weekend the showdown will be close at hand. It may be fully as grave as Suez.

[From the Washington Post of June 26, 1958]

A WAY OUT IN LEBANON?

The report of Secretary General Dag Hammarskjold to the United Nations Security Council on his mission to Lebanon could hardly be awaited with more anxiety than was felt yesterday in Washington. On the outcome may rest the fateful decision whether American troops will be called to support the pro-Western Lebanese Government against a mounting rebellion, part domestic but supported and encouraged by President Nasser's United Arab Republic. The hope of course must be that the call will not come. But if, during or after further recourse to the U. N., President Chamoun should find his situation desperate and call for Western assistance, the United States would face the ugliest sort of dilemma.

To deny aid would all but shatter confidence in America's whole collective security network, in Asia and Europe alike. It would certainly end American influence in the Middle East for a long time. But to grant it would involve this country for an indefinite period in the occupation and defense of Lebanon which would not only be unpopular with the Moslem and probably much of the Christian population but would also fan the fires of Nasserism throughout the Middle East. In the end the reaction could bring about the very collapse of the Western position in Lebanon which is an object of the present rebellion.

Thus there is a tremendous premium upon the success of U. N. efforts to meet the crisis. Presumably Mr. Hammarskjold will lay before the Council whatever evidence the 100-man U. N. observer force has gathered of Syrian-Egyptian intervention, together with President Chamoun's request that the U. N. now undertake to seal the Lebanese border against further intrusions. Experts on the scene estimate this would require a force of several thousand troops, for the border is ill-defined and in rugged terrain. There will be misgivings about such a venture even among the Western Powers, and of course outright opposition from Moscow, which would throw the whole issue if pressed, into a special session of the General Assembly. Here the prospect would be uncertain at best, with Asian and African delegates called upon to dispatch forces not against former imperial powers, as in the Suez crisis, but, in effect, against the very Arab power, Egypt, which the last U. N. force was sent to protect.

Mr. Hammarskjold has divulged nothing of his lengthy talk with President Nasser, but perhaps in Cairo the U. N. Secretary General was able to discern a middle way out. It is unlikely that Nasser means to force a do-or-die, all-or-nothing sort of Middle East showdown. He has demonstrated before his fear of any power vacuum which might be filled by Moscow, and sooner or later, he will need Western economic assistance. The efficacy of a continuing and beefed-up U. N. observer force in Lebanon might be greater than is now imagined if Nasser is ready—and able—to rein in, and if President Chamoun personally would state publicly his private disclaimers of any ambition to stay on beyond the end of his term this fall, a root of at least some of his troubles. These are big ifs, of course, but if there are ways to make them reality they should be urgently pursued.

IMPROVED METHODS OF STATING BUDGET ESTIMATES—REFERENCE TO COMMITTEE

Mr. HAYDEN. Mr. President, I ask unanimous consent that Calendar No.

1382, H. R. 8002, to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, be taken from the calendar and referred to the Committee on Appropriations with instructions to report it back to the Senate not later than 15 days from the date of its referral.

H. R. 8002, as it passed the House and as it currently reads, makes at least six changes in the rules of the Senate. There have been no hearings on this bill in its present form either in the Senate or in the House. The bill was adopted on the floor of the House as a substitute for a proposal dealing with accrued expenditures upon which hearings had been held in both bodies.

These proposed rule changes are far reaching, and should be studied by some committee of the Senate, which should thereupon make its recommendations to the Senate.

The Committee on Appropriations is the committee most affected, since all of the rule changes would involve the procedure under which appropriation bills are considered by the Senate.

Many questions have arisen relating to these rule changes, and no one seems to know just what the answers may be.

The making of reappropriations would be in order under this new bill, and such procedures were specifically prohibited under the Legislative Reorganization Act of 1946.

A serious question has arisen with respect to limitations based upon contingencies being in order. Today provisions contingent upon the happening of an event are specifically prohibited in appropriation bills.

Other questions have arisen, and the safest thing to do is to refer the bill to the Committee on Appropriations for study.

The PRESIDING OFFICER (Mr. CLARK in the chair). Is there objection to the request of the Senator from Arizona? The Chair hears none, and it is so ordered.

CONSTRUCTION OF ANNEX BUILDING FOR THE GOVERNMENT PRINTING OFFICE

Mr. HAYDEN. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1790, Senate bill 3975.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3975) to provide for the construction of a fireproof annex building for use of the Government Printing Office, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. HAYDEN. Mr. President, after listening very carefully to the testimony in support of the proposal by the Public Printer to the Joint Committee on Printing at its last regular meeting the members of that committee became con-

vinced that the construction of the proposed warehouse near the Government Printing Office would save the Government very large sums of money. The supplies and other materials which would be stored in the warehouse are now stored in Virginia at considerable distance from the Government Printing Office, and long hauls are required, involving great inconvenience. Therefore it was suggested that a fireproof building be erected near the Printing Office.

I introduced the bill to implement this desire, as expressed by the members of the Joint Committee on Printing and it was referred to the Committee on Public Works. That committee reported the bill unanimously.

Mr. President, I ask unanimous consent that the report of the committee on the bill, together with a letter from the Public Printer, which is included in the report, be printed at this point in the RECORD.

There being no objection, the report (No. 1755) and letter were ordered to be printed in the RECORD, as follows:

PROVIDING FOR THE CONSTRUCTION OF A FIRE-PROOF ANNEX BUILDING FOR USE OF THE GOVERNMENT PRINTING OFFICE

The Committee on Public Works, to whom was referred the bill (S. 3975) to provide for the construction of a fireproof annex building for use of the Government Printing Office, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of this bill is to authorize the construction of an annex to the Government Printing Office, at the rear of the present GPO Building No. 3, along H Street west of North Capitol Street to the alley between G and H Streets and south of Jackson Alley in square 624 in the District of Columbia.

Plans would be prepared by the Administrator of General Services and approved by the Public Printer, and include equipment, utilities, connections with the present GPO buildings, and access over or under present streets. The building would be constructed by the Administrator of General Services under the Public Buildings Act of 1926, with authority for condemnation of land, if necessary, and authority for demolition and removal of any buildings or structures acquired by the GSA. Funds in the amount of \$5,251,000 would be transferred to the GSA from available funds in the Government Printing Office revolving fund, including surplus receipts from the sale of Government publications. The estimated cost of the additional land is \$300,000.

GENERAL STATEMENT

The Public Printer submitted a report and study of this proposed building to the Committee on Public Works, prepared at the direction of the Joint Committee on Printing, to satisfy the urgent need to find ways and means to provide facilities that will be more readily available and economical than those now being used.

The building proposed would be a 4-story building with basement, with provision for future extension to 8 stories, with air conditioning and fluorescent lighting on the second story only. The gross floor area would be 194,000 square feet.

The building would be used largely as a warehouse and storage facility, for relief of crowded conditions in present buildings for storage of public documents and paper. The estimated annual savings would amount to \$244,686, which would amortize the project

in about 23 years. These savings result from eliminating the rental cost of the presently assigned warehousing space in the warehouse at Franconia, Va., 15 miles from the GPO. Intangible benefits would result from rearrangement of operating activities, improved printing service to the Government agencies, and better utilization of machine time that would result from the storing of paper stocks near the location of ultimate use.

The Public Printer recommends enactment of the legislation, and the Comptroller General has reviewed the report and believes the computation of benefits reasonable, and that additional benefits not susceptible in monetary terms would result.

The committee gave careful consideration to the information and data presented in the study made by the Government Printing Office, at the direction of the Joint Committee on Printing, of the possibility of expanding the GPO warehouse facilities sufficiently to take care of all storage needs of the Government Printing Office. The committee realizes the valuable services rendered by the Government Printing Office to the Government agencies and to the Congress, and that adequate facilities for its economical operations must be provided.

The committee believes that the construction of the proposed fireproof annex building for the Government Printing Office is amply justified, and that its construction will result in large savings to the Federal Government, and permit increased operating efficiencies of this highly important and valuable agency, and to take care of its increased activities. Accordingly, the committee recommends enactment of this legislation.

Comments of the Public Printer on S. 3975 are as follows:

UNITED STATES GOVERNMENT PRINTING OFFICE,

Washington, D. C., June 12, 1958.

Hon. DENNIS CHAVEZ,
Chairman, Committee on Public Works,
Washington, D. C.

DEAR SENATOR CHAVEZ: Thank you for your letter of June 11 in which you invited this Office to furnish the Committee on Public Works information touching on the merits and the propriety of the passage of S. 3975, to provide for the construction of a fireproof annex building for use of the Government Printing Office, and for other purposes.

I am enclosing six copies of a folder which gives a summary of the history of the proposal to construct this annex to our main building at the Government Printing Office. This folder also contains an economic justification which indicates that an annual saving of \$244,686 will be realized by the construction of this warehouse. These savings will amortize the building over a period of 22 years and 11 months. The folder also includes a report from the Comptroller General of the United States based upon a study made by the staff of the General Accounting Office. This study indicated that the Government Printing Office is following good inventory practices, that inventory levels are reasonable, that the computation of savings is accurate, and that improved printing service to the Government would result from the construction of the proposed annex building.

If there should be any additional information which your committee may desire in this matter, we shall be glad to provide it. If your committee should desire to hold a hearing upon this proposal, we shall be glad to attend.

Very truly yours,

RAYMOND BLATTENBERGER,
Public Printer.

Mr. HAYDEN. Mr. President, at a meeting of the Subcommittee on Legislative Appropriations of the House Com-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued July 8, 1958

For actions of July 7, 1958

85th-2d, No. 112

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House passed bill to establish townsites from forest lands.

HOUSE

1. FORESTRY. Passed without amendment H. R. 12161, to provide for the establishment of townsites from national forest lands. p. 11863
Passed without amendment H. R. 6038, to authorize transfers of land between the Sequoia National Forest and the Kings Canyon National Park, Calif. p. 11361
2. PEANUTS. Passed as reported H. R. 12224, to prohibit the creation of an acreage history on peanuts after 1957 by those growing peanuts without an acreage allotment. p. 11851
3. CHEMICAL ADDITIVES. The Interstate and Foreign Commerce Committee reported without amendment H. R. 9521, to amend the Federal Food, Drug, and Cosmetic Act so as to revise the definition of the term "chemical additive" to provide that it shall not include any pesticide chemicals when used in or on any raw agricultural commodity which is produced from the soil (H. Rept. 2119). p. 11890
4. PERSONNEL. Passed without amendment S. 1901, to grant overtime pay for irregular and unscheduled hours of work beyond regular tours of duty (for fire fighters etc.). This bill will now be sent to the President. p. 11850

5. BUILDINGS. Passed without amendment S. 2108, to authorize GSA to name, re-name, or otherwise designate any building under its custody. This bill will now be sent to the President. pp. 11850-51
6. MINERAL LEASES. Passed as reported S. 2069, to amend the Mineral Leasing Act so as to increase the aggregate acreage of coal leases which may be held by one person in any one State. pp. 11851-52
7. SURPLUS PROPERTY. Passed as reported S. 2752, to modify the procedures for submitting proposed surplus property disposals to the Attorney General. p. 11852
8. SMALL BUSINESS. Rep. Patman urged the enactment of legislation for the aid of small businesses. pp. 11888-89
9. FOREIGN AID. Received from the Deputy Managing Director, Development Loan Fund, a letter relative to the establishment of a loan of not to exceed \$40 million to the Plan Organization of Iran. p. 11890

SENATE

10. BUDGETING. Sen. Proxmire submitted, as an amendment to H. R. 8002 (the accrued-expenditures budgeting bill), the language of S. 434 (the Senate bill on the same subject) and inserted telegrams from members of the Hoover Commission on Reorganization urging the passage of the bill. p. 11822
11. MINERALS. Passed with amendments S. 3817, to authorize loans for development of mineral resources in the U. S. pp. 11838-43
Sen. Carroll was added as cosponsor to S. 4036, to provide price stabilization payments to mineral producers. p. 11823
12. CIVIL DEFENSE; DEFENSE PRODUCTION. S. Res. 297, to disapprove Reorganization Plan No. 1 of 1958 (to combine ODM and FCDA) was indefinitely postponed. p. 11823
13. IMPORTS. Senate conferees were appointed on H. R. 6006, to provide for greater certainty, speed, and efficiency in the enforcement of the Antidumping Act, House conferees have been appointed. p. 11831
14. MONOPOLIES. The Judiciary Committee reported with amendment S. 721, to expedite the enforcement of Clayton Act cease and desist orders (S. Rept. 1808). p. 11821
15. STATEHOOD. Sen. Proxmire inserted a TV interview of Sen. Church in which he discussed Alaskan statehood. pp. 11828-31
16. RECLAMATION. Received from the Interior Department reports on the proposed Molokai project, Hawaii, and the Norman project, Okla. p. 11820
17. LANDS. Received from the Interior Department a proposed bill to direct the Secretary of the Interior to administer certain acquired lands as revested Ore. and Calif. railroad grant lands; to the Interior and Insular Affairs Committee. p. 11820
18. FARM PROGRAM. Received from the La. Legislature a resolution commending Sen. Ellender for his services on behalf of international relations, world peace, flood-control work, and agriculture. p. 11820

debt limitations are unduly and unnecessarily restrictive and will not permit the continued essential development of the Commonwealth particularly with regard to providing necessary public health, educational, road, street and highway facilities; and

"Whereas it is considered appropriate and desirable in accordance with the principles of self-government that debt limitations be eliminated from the Puerto Rican Federal Relations Act, and appropriate debt limitations be fixed in the Constitution of the Commonwealth of Puerto Rico; and

"Whereas the Legislative Assembly intends to propose an amendment to the constitution of the Commonwealth providing for limitations upon the debt incurring capacity of the Commonwealth and of its municipalities, and to submit such amendment to the people of Puerto Rico at a referendum held in accordance with section 1 of article VII of the constitution of the Commonwealth: Now, therefore, be it

"Resolved by the Legislative Assembly of Puerto Rico,

"SECTION 1. The Government of the Commonwealth proposes that section 3 of the Puerto Rican Federal Relations Act be amended by deleting therefrom the provisions set forth in section 3 hereof, such deletion not to take effect until the qualified electors of Puerto Rico shall have voted in a referendum pursuant to section 1 of article VII of the Constitution of the Commonwealth of Puerto Rico in favor of including provisions in the constitution, in lieu of the pertinent provisions of section 3 of the Puerto Rican Federal Relations Act, limiting the debt incurring capacity of the Commonwealth and of its municipalities.

"SEC. 2. The Government of the Commonwealth hereby requests the Congress of the United States of America to take such action as may be appropriate to amend section 3 of the Puerto Rican Federal Relations Act as proposed herein.

"SEC. 3. The provisions of section 3 of the Puerto Rican Federal Relations Act to be deleted therefrom pursuant to section 1 of this resolution are as follows:

"*Provided, however,* That no public indebtedness of Puerto Rico and the municipalities of San Juan, Ponce, Arecibo, Río Piedras and Mayaguez shall be allowed in excess of 10 percent of the aggregate tax valuation of its property, and no public indebtedness of any other subdivision or municipality of Puerto Rico shall hereafter be allowed in excess of 5 percent of the aggregate tax valuation of the property in any such subdivision or municipality. * * * In computing the indebtedness of the people of Puerto Rico, municipal bonds for the payment of interest and principal of which the good faith of the people of Puerto Rico has heretofore been pledged and bonds issued by the people of Puerto Rico secured by bonds to an equivalent amount of bonds of municipal corporations or school boards of Puerto Rico shall not be counted but all bonds hereafter issued by any municipality or subdivision within the 5 percent hereby authorized for which the good faith of the people of Puerto Rico is pledged shall be counted."

"SEC. 4. The Governor of Puerto Rico shall transmit this resolution to the Senate and the House of Representatives of the United States of America upon its approval.

"SEC. 5. This resolution shall take effect immediately upon its approval."

A resolution of the senate of the State of New Jersey; to the Committee on Armed Services:

"Whereas the U. S. S. *Enterprise*, an aircraft carrier in the fleet of the United States Navy, having completed its glorious career as a fighting ship, is and has been tied up at the Brooklyn Navy Yard; and

"Whereas the U. S. S. *Enterprise* established one of the finest records of any ship

in the history of the United States Navy, having been awarded a Presidential citation and having taken part in 20 naval engagements in the course of which it accounted for 911 planes downed, 71 ships sunk and 192 others damaged; and

"Whereas the U. S. S. *Enterprise* served as the flagship of Fleet Adm. William F. Halsey in the Pacific Fleet during World War II; and

"Whereas Admiral Halsey is a former resident and a faithful son of the State of New Jersey; and

"Whereas plans have been completed for preserving the U. S. S. *Enterprise* as a national shrine and museum in Washington, D. C., lacking only time necessary to raise the required funds; and

"Whereas the U. S. S. *Enterprise* is scheduled to be sold to private interests for scrap on June 27, 1958: Now, therefore, be it

"Resolved by the senate of the State of New Jersey:

"1. The Honorable Donald S. Gates, Jr., United States Secretary of the Navy, is memorialized to postpone the sale of the U. S. S. *Enterprise* until after the date presently scheduled for the opening of the bids, in order that the Enterprise Association, Inc., or such other parties as might be interested, be allowed adequate and ample time to raise the

"2. The secretary of the senate is directed to forward a copy of this resolution, properly authenticated, to the Honorable Donald S. Gates, Jr., United States Secretary of the Navy."

A resolution adopted by the New Jersey State Bar Association favoring the enactment of the so-called Jenkins-Keogh bill, to permit self-employed persons to establish pension and retirement funds, for income tax purposes; to the Committee on Finance.

A resolution adopted by the Grand Lodge of Delaware, Order of the Sons of Italy in America, Wilmington, Del., favoring the enactment of legislation providing that October 12 be declared a national holiday, to be known as Columbus Day; to the Committee on the Judiciary.

A telegram, in the nature of a petition, signed by Martha Shull, past president, National Education Association, Tom Powers, president, Oregon Education Association, Clarence Hines, president, Oregon Association of School Administrators, Ewald Turner, president, National Department of Classroom Teachers, and Louis Corrigan, president, Oregon Department of Classroom Teachers, relating to Federal aid to education; to the Committee on Labor and Public Welfare.

A memorial signed by Beatrice Olsen, and sundry other citizens of the United States, remonstrating against the enactment of legislation to change the east front of the Capitol Building in the District of Columbia; to the Committee on Public Works.

Petitions signed by sundry citizens of West Covina, and Baldwin Park, both in the State of California, praying for the enactment of legislation to provide for the continuation of the improvement of the Big Dalton and San Dimas Washes in the State of California for flood-control purposes; to the Committee on Public Works.

A resolution adopted by the ministers and delegated representatives of the churches of Newark, East Orange, Orange, West Orange, South Orange, Maplewood, and Livingston, N. J., protesting against the construction of the proposed East-West Freeway in the State of New Jersey; to the Committee on Public Works.

Two resolutions adopted by the New Jersey State Bar Association, protesting against the enactment of the so-called Jenner and Butler bills, relating to the appellate jurisdiction of the United States Supreme Court in certain cases; ordered to lie on the table.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MANSFIELD (for Mr. JACKSON), from the Committee on Interior and Insular Affairs, without amendment:

H. R. 10347. An act to amend section 73 (q) of the Hawaiian Organic Act; to approve and ratify joint resolution 32, session laws of Hawaii, 1957, authorizing the issuance of \$14 million in aviation revenue bonds; to authorize certain land exchanges at Honolulu, Oahu, T. H., for the development of the Honolulu airport complex; and for other purposes (Rept. No. 1800).

By Mr. BIBLE (for Mr. FREAR), from the Committee on the District of Columbia, with an amendment:

S. 2769. A bill to increase the salaries of officers and members of the Metropolitan Police force, and the Fire Department of the District of Columbia, the United States Park Police, and the White House Police, and for other purposes (Rept. No. 1802); and

S. 3736. A bill to amend the District of Columbia Stadium Act of 1957 to require the stadium to be constructed substantially in accordance with certain plans, to provide for a contract with the United States with respect to the site of such stadium, and for other purposes (Rept. No. 1801).

By Mr. BIBLE (for Mr. FREAR), from the Committee on the District of Columbia, with amendments:

S. 3957. A bill to amend the District of Columbia Teachers' Salary Act of 1955 (Rept. No. 1803).

By Mr. BEALL, from the Committee on the District of Columbia, without amendment:

S. 3827. A bill to amend the District of Columbia Motor Vehicle Parking Facility Act of 1942, as amended (Rept. No. 1804); and

H. J. Res. 582. Joint resolution to authorize the Commissioners of the District of Columbia to promulgate special regulations for the period of the Middle Atlantic Shrine Association meeting of A. A. O. N. M. S. in September 1958, to authorize the granting of certain permits to Almas Temple Shrine Activities, Inc., on the occasions of such meetings, and for other purposes (Rept. No. 1805).

By Mr. BEALL, from the Committee on the District of Columbia, with an amendment:

S. 3941. A bill to amend the Motor Vehicle Safety Responsibility Act of the District of Columbia, approved May 25, 1954, and for other purposes (Rept. No. 1806).

By Mr. KEFAUVER, from the Committee on the Judiciary, with an amendment:

S. 721. A bill to amend section 11 of the Clayton Act to provide for the more expeditious enforcement of cease and desist orders issued thereunder, and for other purposes (Rept. No. 1808).

By Mr. GREEN, from the Committee on Foreign Relations, without amendment:

H. R. 10069. An act to amend the act of August 5, 1953, creating the Corregidor Bataan Memorial Commission (Rept. No. 1807).

EXECUTIVE REPORT OF A COMMITTEE

As in executive session.

The following favorable report of a committee was submitted:

By Mr. GREEN, from the Committee on Foreign Relations:

Executive N, 85th Congress, 1st Session, a convention between the United States of America and Pakistan for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed at Washington on July 1, 1957; with a reservation (Ex. Rept. No. 1);

Executive B, 85th Congress, 2d session, a convention between the United States of America and Belgium, signed at Washington on August 22, 1957, supplementing the convention of October 28, 1948, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, as modified by the supplementary convention of September 9, 1952; with a reservation (Ex. Rept. No. 1); and

Executive C, 85th Congress, 2d session, a notification given by the Government of the United Kingdom of Great Britain and Northern Ireland with a view to extending to certain British overseas territories the application of the convention of April 16, 1945, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income as modified by the supplementary protocols of June 6, 1946, May 25, 1954, and August 19, 1957; without a reservation (Ex. Rept. No. 1).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON of Texas:

S. 4106. A bill for the relief of Dalworth C. Ebner; to the Committee on Labor and Public Welfare.

By Mr. IVES:

S. 4107. A bill for the relief of Violette Gahtan and Hilda Gahtan; to the Committee on the Judiciary.

By Mr. BIBLE (by request):

S. 4108. A bill to enact a certain provision now included in the District of Columbia Appropriation Act, 1958; to the Committee on the District of Columbia.

IMPROVEMENT OF HOUSING AND RENEWAL OF URBAN COMMUNITIES—AMENDMENTS

Mr. PAYNE submitted amendments, intended to be proposed by him, to the bill (S. 4035) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes, which were ordered to lie on the table and to be printed.

METHODS OF STATING BUDGET ESTIMATES—AMENDMENT

Mr. PROXMIRE. Mr. President, I submit for appropriate reference, an amendment to the bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

More than a year ago the Senate passed unanimously S. 434, a bill introduced by the distinguished junior Senator from Massachusetts [Mr. KENNEDY] for himself and 49 other Senators from both sides of the aisle, which would amend the Budget and Accounting Act of 1921 to provide that estimates for proposed appropriations of the executive agencies of the Government shall, where appropriate, be determined on an annual accrued expenditure basis. S. 434 was passed unanimously by the Senate.

The House of Representatives, on March 6 of this year, passed H. R. 8002 by 311 to 87. The House bill is intended to achieve the same purpose as H. R. 8002. Both of these bills have been endorsed by former President Hoover, Treasury Secretary Anderson, Comptroller General

Campbell, former Budget Director Brundage, and many others.

Mr. President, some indication of the kind of support the Kennedy bill has, and the widespread appreciation of Senator KENNEDY's fine leadership in the effort to bring about this much-needed fiscal reform that is found among those who understand the budget and accounting problems of the Federal Government, may be had from some telegrams which were addressed to Senator KENNEDY. One is from former President Hoover. Another is from Clarence Francis, the chairman of the Citizens' Committee for the Hoover Report. A third is from J. Harold Stewart, chairman of the Hoover Commission Task Force which recommended this change and a former president of the American Institute of Accountants. Mr. President, I ask unanimous consent that these telegrams be printed in the RECORD at this point in my remarks.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., March 10, 1958.

Hon. JOHN F. KENNEDY,
United States Senate,
Washington, D. C.:

I want to thank you and your colleagues for taking the lead in adopting the accrued cost budget. H. R. 8002 as amended and passed by the House on Thursday, has my full approval. I hope the Senate can accept it in place of S. 434.

HERBERT HOOVER.

NEW YORK, N. Y., March 7, 1958.

Hon. JOHN F. KENNEDY,
Senate Office Building,
Washington, D. C.:

House action on H. R. 8002 reflects the leadership you have given to support of this important measure from the very beginning. We appreciate deeply this sterling achievement in the interest of better government.

Sincerely,

CLARENCE FRANCIS.

GREENWICH, CONN., March 6, 1958.

Hon. JOHN F. KENNEDY,
United States Senate,
Washington, D. C.:

H. R. 8002 as passed this afternoon carries out the principals of your bill S. 434. In my opinion it is the same in substance and provides an adequate framework in which to administer the Federal budget in terms of annual accrued expenditures as recommended by the Hoover Commission. I sincerely hope the Senate will adopt the House bill so that your bill may become law. With deep appreciation of your leadership and ceaseless effort which have brought this much needed legislation so close to enactment.

Sincerely,

J. HAROLD STEWART.

Mr. PROXMIRE. Mr. President, while H. R. 8002 and S. 434 are designed to accomplish the same substantive purpose, the House makes numerous changes in the rules of the Senate and is, in my opinion, a more complicated way of solving the problem that S. 434. Upon the initiative of its distinguished chairman [Mr. HAYDEN], the Committee on Appropriations is considering this week the best way to accomplish a purpose endorsed by both houses, without making sweeping changes in Senate rules. My

amendment simply restores the language of S. 434.

My purpose in submitting this amendment is to put myself, squarely on the record as favoring wholeheartedly the principle of appropriations based on annual accrued expenditures. I think it is a principle of fiscal responsibility and efficiency. And I want to express my appreciation for the leadership of the Senator from Massachusetts [Mr. KENNEDY] in introducing the original legislation, and the leadership of the Senator from Arizona [Mr. HAYDEN] in taking H. R. 8002 to the Appropriations Committee to find a way out of the stalemate which threatened the legislation. I will support enthusiastically whatever action the committee decides to take.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Committee on Appropriations.

SMALL-BUSINESS TAX ADJUSTMENT ACT—ADDITIONAL COSPONSORS OF BILL

Mr. SPARKMAN. Mr. President, on January 30 of this year I introduced Senate bill 3194, the small-business tax adjustment bill of 1958, for myself and 10 other members of the Select Committee on Small Business. This bill was developed by the Small Business Committee after a year's study, including a nationwide series of hearings. Because of the interest generated by this proposal, I asked that it lie on the table for 5 days, so that other Senators might be permitted to join in sponsoring it. Twenty-seven Senators took advantage of that opportunity, when they learned of Senate bill 3194. That brought to 38 the number of cosponsors of this very important bill.

I am happy to state that the list of sponsors of the bill does not include all the Members of the Senate who are interested in assisting small business during this session of Congress by sensible tax adjustment. I have received numerous inquiries from Senators who have learned of the bill. Many of them have asked that they be permitted to join in sponsoring it. I ask unanimous consent that the names of the following Senators be added as sponsors of Senate bill 3194: Mr. CASE of South Dakota, Mr. COTTON, Mr. MAGNUSON, Mr. MONRONEY, Mr. MUNDT, Mr. PURTELL, Mr. SYMINGTON, and Mr. JOHNSTON of South Carolina.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, so many other Senators have expressed an interest in this measure that I have reason to believe there will be additional requests to join in sponsoring it. I only hope the tax-writing committees will note this growing interest in the bill. These committees must soon report a small-business tax bill to their respective bodies if we are to have time to enact such legislation during this session. I have every reason to hope that such committee action will be taken promptly.

For the information of the Senate, I ask unanimous consent to have a complete list of the sponsors of Senate bill

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 11, 1958
For actions of July 10, 1958
85th-2d, No. 115

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HIGHLIGHTS: Senate committee ordered reported trade agreements extension bill.

SENATE

1. TRADE AGREEMENTS. The Finance Committee ordered reported with amendments H. R. 12591, the proposed Trade Agreements Extension Act of 1958. The Daily Digest reported the following analysis of changes made in the bill by the committee:

Extends the President's authority for 3 years (House proposed 5 years);
Authority to reduce tariffs 5% in a year to maximum of 15% (House proposed 10% annually, 25% total);

Tariff Commission decision final unless the President's disapproval is confirmed by a majority vote of Congress, affirmative decision of Commission prevails in tie votes, and conflicting recommendations resolved by President's decision as to which provided the greatest relief;

Establish a 9 member Commission (3 each from the President, the Senate, and the House) to study the international trade agreement policy of the U. S. pp. D658-9

Sen. Thurmond inserted his statement and letters from a plywood manufacturer and a textiles firm, on the Trade Agreements Act extension bill. He urged two amendments to extend the act for only 2 years and allow reductions of no more than 10%, and to require Congress to confirm the President's refusal to sustain Tariff Commission recommendations. pp. 12123-5

2. MINERALS. Began debate on S. 4036, to provide stabilization payments to certain minerals producers. pp. 12108-13, 12126, 12127-53
3. BUDGETING. The Appropriations Committee was granted 10 more days to file a report on H. R. 8002, the accrued expenditures budgeting bill. p. 12108
4. FARM PROGRAM. Sen. Proxmire submitted two amendments to be proposed to S. 4071, the Senate farm bill. One amendment would add a Dairy Products Marketing Act similar to that he proposed earlier in S. 2952. The other amendment would add a Dairy Stabilization Act as proposed by the National Milk Producers' Federation. p. 12094
5. PERSONNEL ETHICS. The Post Office and Civil Service Committee reported without amendment H. Con. Res. 175, proposing a Code of Ethics for Government service (S. Rept. 1812). p. 12093
6. WATER DEVELOPMENT. The Judiciary Committee reported without amendment S. 3987, granting the consent of Congress to the Tennessee-Tombigbee Waterway Development Compact (S. Rept. 1826). p. 12093
Sen. Johnson inserted a report, "Water Developments and Potentialities of the State of Texas," prepared by the Army Corps of Engineers, Bureau of Reclamation, SCS, and the Texas Board of Water Engineers. He stated that the report opens the way for developing a water plan for Texas' water resources development. pp. 12090-2
Received from the Budget Bureau plans for works of improvement on Mill Creek, Ga.; Obion Creek, Ky.; Muddy Creek, Miss. and Tenn.; and Dry Devils River and Lowrey Draw Upper Lake Fork Creek, Tex. p. 12092
7. CIVIL DEFENSE. The Armed Services Committee ordered reported with amendments H. R. 7576, to amend the Federal Civil Defense Act of 1950 so as to permit the expansion of the civil-defense activity of the Federal Government to assume more responsibility for the national program. p. D658
8. HUMANE SLAUGHTER. Sen. Monroney inserted 14 editorials urging the Senate to act on the humane slaughter bill. pp. 12153-5
9. RECREATION. Sens. Anderson, Neuberger, Watkins, and Barrett were appointed to the National Outdoor Recreation Resources Review Commission. p. 12126
10. STATEHOOD. Sen. Javits urged action to admit Hawaii into the Union during the 85th Congress and inserted an editorial, "Hawaii's Turn." pp. 12096-8
Sen. Payne inserted his statement and Sen. Pastore spoke, commending the efforts of Ernest Gruening in achieving Alaskan statehood. pp. 12105-6
Sen. Allott urged admission of Hawaii into the Union and discussed with Sens. Watkins and Mansfield the hope of considering such a bill in this session of Congress. pp. 12156-7
Received a resolution from the Maui County Board of Supervisors, Hawaii, urging enactment of legislation to admit Hawaii into the Union. p. 12093
11. EDUCATIONAL EXCHANGE. Received from the U. S. Advisory Commission on Educational Exchange a report for the first six months of 1958. p. 12092

HOUSE

12. SMALL BUSINESS. Agreed to the conference report on H. R. 7963, to make the Small Business Administration a permanent agency and to increase the SBA loan authority. As agreed to, the bill declares it to be the policy of

uct quietly increased one day, another the next and so on.

In its issue of July 3, the trade journal, *Iron Age*—generally regarded as an authoritative source of information on the steel industry—states that steel prices will be raised, that the increase will take place in August, that the advance will average about \$5.50 a ton, and that the price boost will be on a selective basis. The journal states:

Not all steel products will be affected at the outset. It is even possible that United States Steel will follow, rather than lead, in establishing new prices on some products.

I cannot help noting that most predictions place the date of congressional adjournment as some time in August. I hope the steel companies, however, are not operating on the assumption that it would be safer to make a price increase after Congress has adjourned.

The idea that United States Steel may be a price follower, instead of a leader, is itself interesting. I, for one, would want to know why it would be necessary for United States Steel to raise its prices to meet the competition of a smaller producer. The basis for selecting the products on which price increases will be made and the effect of such increases on their users should also be matters of general interest.

Even if the prediction of Iron Age turns out to be correct, and even if prices are to be raised, at least we can take some comfort from the fact that the failure of the steel companies to raise their prices on July 1, as had previously been generally expected, has thus far saved the direct buyers of steel some \$9 million, and the savings to the ultimate consumers have been several times this figure. Certainly, the steel companies are to be commended for their forbearance thus far; and we can only hope that it will continue.

TRANSCONTINENTAL INTERSTATE ROUTE HIGHWAY NUMBER FOR PORTLAND, OREG.

Mr. NEUBERGER. Mr. President, on February 24, 1958, I spoke in the Senate about the proposed numbering of the new transcontinental highway system and with particular reference to the desirability of continuing Portland, Oreg., as the terminal of one of the major transcontinental routes. For a long time, Portland and Astoria, Oreg., at the mouth of the Columbia River, have marked the western end of one of the most famous highways—U. S. 30—also known as the Lincoln Highway, which originates in Atlantic City, N. J., and which for much of its course follows the historic old Oregon Trail.

When I last spoke on this subject, the tentative plan was to give the interstate highway coming into Portland from the east the No. 82, which would link up only indirectly with the new transcontinental route No. 80. Along with Oregon highway officials and many citizens and groups in my State, I sought to have this number changed so that a continuous Interstate Route 80 would link Portland with the East, as U. S. 30 does today. I was very much pleased, there-

fore, to learn recently that the numbering committee of the American Association of State Highway Officials had amended its plans so as to give the link between Portland and Echo Junction, Utah, 40 miles north of Salt Lake City, the designation 80N. Travelers from the East who wish to drive to Oregon will now have no difficulty whatsoever in planning and following the correct interstate route—if they enter upon U. S. 80 or 80N in the vicinity of New York City, the 80 and 80N signs will guide them directly to their destinations.

Mr. President, of course, many of us in Oregon still wish to express the view that Interstate 80 should rightly go to Portland, and that any connecting spur that might be deemed necessary with San Francisco, in anticipation of future traffic flows to that town, should get the designation 80S. Except for this reasonable qualification, however, Oregon newspapers have expressed editorial gratification at the changed number program adopted by the executive committee of American Association of State Highway Officials, and I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks an article and an editorial in the Oregon Journal of July 7, 1958, followed by an editorial in the Oregonian of July 8, 1958.

There being no objection, the article and editorials were ordered to be printed in the RECORD, as follows:

[From the Oregon Journal, Portland, Oreg., of July 7, 1958]

STATE JOINS ROAD ROUTE—INTERSTATE ARTERIAL ORIGINATES IN UTAH

A change in plans has put Oregon on a major transcontinental interstate highway extending to the east coast.

State Highway Engineer W. C. Williams said the change in route designation has been adopted by the route numbering committee of the American Society of State Highway Officials.

Original plans for the nationwide freeway system being developed under the Federal Aid Highway Act provided that Highway No. 30 would be designated as Interstate Route 82 from Portland to a point near Salt Lake City, where it connects with Interstate Route 80.

Under the new designation, Interstate Route 80 will divide at Echo Junction, Utah, 40 miles northeast of Salt Lake City, and become Interstate Route 80N to Portland. The southerly terminus will be San Francisco.

East from Salt Lake City, Interstate 80 extends through Cheyenne, Wyo., Omaha, Nebr., Cleveland, Ohio, and Pittsburgh, and then splits again with a northern terminus at Elizabeth, N. J., and a southern terminus at Philadelphia.

Linking of the Northwest with the transcontinental system has been urged for some time by the Oregon State Highway Commission, the Portland Chamber of Commerce, and the Oregon congressional delegation.

[From the Oregon Journal, Portland, Oreg., of July 7, 1958]

A PRIZE WON BY FIGHTING

Justice controlled the American Association of Highway Officials when it yielded to Oregon and Idaho appeals and assigned the number "80" in the highway modernization program to what has been U. S. 30.

The news that the number 82 had been abandoned in favor of the other number, which reached W. C. (Dutch) Williams, State highway engineer, of a certainty will give not only pleasure but a broadened opportunity to the communities and chambers of commerce

across Oregon and Idaho, including our own Portland Chamber of Commerce, which had protested the original intention to make Portland the terminus of a mere stub road in the renumbering plan.

United States Highway No. 30 has gained fame as a transcontinental tourist and business route associated with the old Oregon Trail.

U. S. 80 can be made as famous, particularly if it is properly aligned. Here reference is made to the routing which shows 80 leading westward to Salt Lake City and on to San Francisco. United States Highway No. 80, as it will now lead to Portland, should be taken off on the west slope of the Rockies in Wyoming to a junction at Tremonton, Utah, and, thus lead northwesterly across Idaho into Oregon and to Portland. We believe that this will be done. The action of the executive committee of the AAHO now gives an even numbered highway across the continent to each of the principal Pacific Coast communities—90 to Seattle; 80 to Portland; 70 presumably to San Francisco and 40 to Los Angeles.

Tourist travel will grow proportionate to the lure of the big highway system. The route can be publicized in connection with Oregon's 1959 Centennial. Travelers will have a clearer way marked by the maps and information of travel agencies, chambers of commerce and the oil companies.

The recreation industry, it may be repeated, is Oregon's third economic factor, exceeded only by forest operations and agriculture.

Portland is on the map.

[From the Oregonian, Portland, Oreg., of July 8, 1958]

STILL A BRANCH

Decision of the route numbering committee of the American Society of State Highway Officials to designate that part of the Interstate Highway System between Portland and Salt Lake City as 80N in a concession to history. But it fails to take into full account the traditions of the West.

The present transcontinental highway, U. S. 30, follows closely in its western reaches the historic Oregon Trail, longest and one of the most famous wagon roads of all time. By right the interstate freeway which will be the direct descendant of the Oregon Trail and Highway 30 should bear the same numerals from one end to the other.

Yet the original plan of the highway officials was to make the route between Utah and Portland merely a stub under the designation Interstate 82. Interstate 80, which would be the freeway equivalent of U. S. 30, would terminate at San Francisco, now served by U. S. 40. As it was several years after the wagon trains started rolling over the Oregon Trail that appreciable numbers of pioneers turned off the trail to seek gold in California, this plan obviously was historically wrong.

Complaints of Oregon officials and citizens were heeded to the extent that the 82 designation was dropped and 80N substituted. Thus, the road to Oregon will continue to be a long one, not just a stub from Utah. But the "N" still makes it a branch of the main road, 80, which will end at San Francisco. Let's demand that full consideration be given to history and that 80 terminate in Oregon. Interstate 80S would be the proper designation for the route to San Francisco.

CITIZENS CONFERENCE OF REPRESENTATIVES OF THE NATO NATIONS

Mr. KEFAUVER. Mr. President, some time ago the Senator from Rhode Island [Mr. GREEN], along with several of us as cosponsors, submitted a resolution which

would make possible a citizens conference of representatives of the NATO nations.

The resolution was in the form of an endorsement of action which was taken at the last session of the NATO Parliamentarians Conference. There the resolution was unanimously endorsed by all the parliamentarians from all the NATO nations. The resolution submitted by the Senator from Rhode Island was unanimously endorsed by the Senate Foreign Relations Committee.

On Monday, July 7, the Washington Post published the following editorial on the resolution submitted by the Senator from Rhode Island:

NEW LINKS FOR NATO

The Senate has a chance to help foster, if even in a modest way, a more meaningful sense of community among the 15 nations in the North Atlantic Treaty Organization. Last September, the annual conference of NATO Parliamentarians conceived the idea of giving private citizens a chance to confer together on ways of enhancing the Atlantic alliance. Unanimously, the Parliamentarians—all legislators from NATO countries—called upon their governments to appoint officially outstanding private citizens as delegates to such a conference. This would fill a void which now exists by giving private citizens a role in NATO. Conceivably, the citizens could propose useful suggestions for giving greater unity of purpose to NATO and emphasizing the nonmilitary aspects of the alliance. No citizen, of course, could commit his government, and all proposals would be advisory.

The next step in this country is before the Senate. All the Senators present at the NATO meeting have joined with Senator GREEN in sponsoring a concurrent resolution which would request the President to take appropriate action. The Senate Foreign Relations Committee, without dissent, approved the resolution; favorable action in the House seems assured if and when the Senate as a whole votes its approval. Therein lies the rub. Faced with the adjournment confusion, this noncontroversial resolution could be relegated to limbo. That would be a pity. There is much cogency in Senator GREEN's comment that "all wisdom does not lie in governments." Surely the Senate will give the businessmen, scholars, labor leaders, and scientists a chance to throw new light on this problem of so much concern to the free world.

Mr. President, the Washington Post does well to remind us of this important resolution, which has the opposition of no one that I know of, but which has not yet been acted upon. I hope the leadership will be successful in their efforts to schedule it soon for Senate action.

AMENDMENT OF PUBLIC HEALTH SERVICE ACT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1833, H. R. 11414.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 11414) to amend section 314 (c) of the Public Health Service Act, so as to authorize the Surgeon General to make grants-in-aid for provision in public or nonprofit accredited schools of public health of training and services in the

field of public health and in the administration of State and local public-health programs.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill.

Mr. HILL. Mr. President, this bill was unanimously passed by the House of Representatives and was unanimously reported to the Senate by the Committee on Labor and Public Welfare. It is an emergency bill. It does not provide for the authorization of any additional funds. It does not provide for any increase in existing appropriations.

The bill simply provides that of the funds which now are available to State and Territorial health officers for Federal assistance in carrying out State, local, county, and municipal health programs, not to exceed \$1 million may be used to help to train additional county health personnel.

More than one-fourth of all the positions needed today to carry on the public-health work in State, county, and municipal health departments are vacant because of the lack of personnel. This, I repeat, is an emergency proposal.

Mr. JOHNSON of Texas. Mr. President, I have cleared the bill with the distinguished minority leader, and it is agreeable to him to have the bill taken up. I hope it may be passed promptly.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H. R. 11414) was ordered to a third reading, read the third time, and passed.

Mr. HILL. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. JOHNSON of Texas. I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on the motion of the Senator from Texas to lay on the table the motion to reconsider the vote by which the bill was passed.

The motion to lay on the table was agreed to.

ADDITIONAL TIME FOR COMMITTEE ON APPROPRIATIONS TO FILE REPORT

Mr. HAYDEN. Mr. President, I ask unanimous consent that the Committee on Appropriations be given an additional 10 days to file a report on the bill (H. R. 8002), to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

This bill was referred to the committee on June 26, with instructions to report back not later than 15 days from the date of reference. The committee has completed hearings on the bill, but the hearings have not been printed, and it will be necessary for the committee to have printed hearings during its consideration of the bill.

I am sure the Members of the Senate realize that the Committee on Appropriations has a full schedule, in that it is now considering the appropriation bills

for the Department of Defense, the mutual-security program, and the legislative branch. However, I feel certain that a meeting can be arranged for one day next week, at which time the committee will take action on the bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

STABILIZATION OF PRODUCTION OF COPPER, LEAD, ZINC, AND OTHER MINERALS FROM DOMESTIC MINES

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar 1834, S. 4036.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 4036) to stabilize production of copper, lead, zinc, acid-grade fluorspar, and tungsten from domestic mines.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with amendments.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MURRAY. Mr. President, no piece of legislation which has been considered, or will be considered, at this session of the Congress is of greater importance to the welfare of the country than S. 4036.

The bill has been carefully designed to provide for price and production stabilization for five minerals—copper, lead, zinc, fluorspar, and tungsten—which are vital to the national defense. Domestic production of these minerals has fallen to alarming levels due to excess foreign imports.

This decrease in production, accompanied, as day follows night, by widespread unemployment, is a matter of grave concern to the economists of the Nation and to both the executive and legislative branches of the Government.

In the past year, while copper prices were sliding off and production was decreasing, more than seven thousand copper miners have been thrown out of work, with a loss in payroll checks approximating 34½ million dollars.

The same dismal picture is true in respect to employment in the lead and zinc mines where an even larger number of miners have been thrown out of work with a loss in payroll checks exceeding 32 million dollars.

Unemployment in a mining area has more serious consequences on the overall economy than does a like number of

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 14, 1958
For actions of July 11, 1958
85th-2d, No. 116

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HIGHLIGHTS: Senate passed omnibus housing bill. House subcommittee reported bill to facilitate insured loans. Senate passed minerals stabilization payments bill. Senate passed bill to prohibit trading in onion futures.

SENATE

1. ONION FUTURES. Passed as reported H. R. 376, to prohibit trading in onion futures, remove onions from regulation under the Commodity Exchange Act, provide criminal penalties for violations of the provisions of the bill, and make the bill effective 30 days after enactment. pp. 11290-300
Sen. Barrett submitted, and later withdrew, a proposed amendment to prohibit futures trading in wool and wool tops. pp. 12295-96
2. MINERALS. Passed, 70 to 12, with amendments S. 4036, to provide stabilization payments to certain minerals producers. pp. 12239, 12256-78, 12281-90
3. PERSONNEL. Passed with amendment S. 3195, to authorize certain retired personnel of the U. S. Government to accept and wear decorations, presents, and other things tendered them by certain foreign countries, including certain retired employees of this Department. pp. 12239-55
S. 1411, to give agencies discretion in suspending Federal employees prior to security hearings, was referred to the Post Office and Civil Service Committee for study of the House amendments to the bill. pp. 12255-56

Agreed to H. Con. Res. 175, proposing a Code of Ethics for Government service. pp. 12331-32

4. CIVIL DEFENSE. The Armed Services Committee reported with amendments H. R. 7576, to amend the Federal Civil Defense Act of 1950 so as to permit the expansion of the civil-defense activity of the Federal Government to assume more responsibility for the national program (S. Rept. 1831). p. 12230
5. FORESTRY. Sen. Neuberger inserted a newspaper editorial supporting enactment of legislation for the establishment of wilderness areas on public lands. pp. 12238-39
6. SMALL BUSINESS. Agreed to the conference report on H. R. 7963, to make the Small Business Administration a permanent agency, increase the revolving fund and loan limitations, and allow SBA to do research for small firms. This bill will now be sent to the President. p. 12256
7. HOUSING. Passed with amendments S. 4035, proposed Housing Act of 1958, which includes a provision extending the authority for farm housing research under HHFA for 3 years and authorizing appropriation of \$100,000 per year for this purpose (p. 12307). pp. 12300-31
8. BUDGETING. Sen. Proxmire inserted Sen. Kennedy's testimony before the Appropriations Committee in favor of substituting S. 434, an accrued expenditures budgeting bill, for the House-passed bill, H. R. 8002, on the same subject. pp. 12280-1
9. SUGAR; WOOL. Sen. Watkins inserted a statement he had prepared defending price support payments to beet sugar and wool producers, including tables showing the number and amount of payments to producers by States. pp. 12286-289
10. NOMINATION. Confirmed the nomination of Leo A. Hoegh as Director of the Office of Defense and Civilian Mobilization. p. 12336
11. LEGISLATIVE PROGRAM. Sen. Johnson announced that the farm bill (S. 4071) would be taken up following consideration of the pending business. p. 12332
12. ADJOURNED until Mon., July 14. p. 12336

HOUSE

13. FARM LOANS. The Conservation and Credit Subcommittee ordered reported to the Agriculture Committee H. R. 10965, to improve the FHA insured loan program under title I of the Bankhead-Jones Farm Tenant Act. p. D667
14. RECLAMATION. The Irrigation and Reclamation Subcommittee ordered reported to the Interior and Insular Affairs Committee S. 4002 and H. R. 13018, to authorize the Gray Dam and Reservoir as a part of the Glendo Unit of the Missouri River Basin project. p. D667

ITEMS IN APPENDIX

15. HUMANE SLAUGHTER. Sen. Monroney inserted an editorial, "A Merciless Stall," criticizing the Senate Agriculture and Forestry Committee for not taking immediate action to report the humane slaughter bill. p. A6240

ence was made to the failure of the General Counsel of the National Labor Relations Board and the Chairman of the Board to make suggestions for speeding up the procedure. The General Counsel of the National Labor Relations Board has written a letter to me, as chairman of the Labor Subcommittee of the Committee on Labor and Public Welfare, giving his views on the subject.

I ask unanimous consent to have that letter, which is dated June 24, 1958, printed in the RECORD at this point as a part of my remarks. I think it will give Members of Congress an opportunity to judge the entire record.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL LABOR RELATIONS BOARD,
OFFICE OF THE GENERAL COUNSEL,
Washington, D. C., June 24, 1958.

HON. JOHN F. KENNEDY,
United States Senate,
Washington, D. C.

DEAR SENATOR KENNEDY: I wish to invite your attention to a surprising statement contained in Senate report (No. 1684) on the Labor-Management Reporting and Disclosure Act of 1958 which, in my opinion, does not reflect accurately my testimony before the Subcommittee of the Committee on Labor and Public Welfare on May 21, 1958. The paragraph in question (rept., p 27) reads as follows:

"During the hearings, the committee pressed the Board and its General Counsel to suggest provisions of the law which might be changed so as to eliminate delays in case handling without substantially affecting the present law and rights and policies established by it. Members of the committees were disappointed by the paucity of suggestions from the Board and General Counsel and the lack of evidence that they have given adequate attention to the urgent necessity to eliminate delays and thereby make possible the handling of more cases."

In inviting me to appear, your telegram of May 8 indicated that your subcommittee desired me "to give * * * information relating to effects of various pending proposals on operations of NLRB." Your telegram further stated that "the subcommittee is also interested in hearing testimony concerning administrative problems currently faced by your office." In a prepared statement submitted for the record, while emphasizing on the one hand the impropriety of my commenting on the various substantive proposals under consideration, I pointed out that there were a number of administrative matters in which the subcommittee had evinced an interest and concerning which I would be pleased to offer testimony. In this connection, I stated (rept., p. 1246):

"The General Counsel's Office has had long experience with the operations of the act and that experience may be the source of some guidance to the committee particularly with respect to administrative problems. I refer to such matters as caseload and the speeding up of case handling, the expediting of enforcement of Board orders, personnel and budgetary requirements, and the general improvement of our procedures. In this regard I will also be most happy to discuss the administrative practicalities of giving effect to the various proposals contained in the bills which are under consideration by this committee."

At the threshold of my testimony I want to say that I share the concern of the committee with respect to the need for acceleration of case handling. As my later testimony will show, the Office of the General Counsel has made substantial progress in the speedup of case handling. While I recognize

that there are many factors which contribute to delay, the prime factor is lack of personnel, which in turn is produced by lack of funds. No amount of statutory amendment or procedural improvement can be substituted for the overwhelming need for more funds to be spent for more people.

After thus explaining, as it were, the dichotomous position of this office with respect to substantive and administrative matters, I was personally and very kindly welcomed by you "under those conditions" (record, p. 1247). As the record will also show, other Members who questioned me similarly acknowledged and respected the fact that it was not in keeping for me to give value judgments on certain aspects of these pending legislative proposals. Concerning administrative matters, however, and particularly as they might affect the expeditious handling of cases, the record is replete with affirmative testimony on my part and I believe that even a cursory reexamination of such testimony will clearly reveal that at no point did the subcommittee find it necessary to press me in this respect. Indeed, the following brief documentation will bear out this point completely. Thus, at record pages 1258-1271 of the subcommittee hearings my testimony goes into various aspects of the problem of acceleration of case handling, including this office's great concern over this problem and the many steps that have been taken to improve case handling. As evidenced by the transcript such matters were gone into in great detail and at length for the benefit of the subcommittee. For example, I testified on actions taken as a result of the specific recommendations of the so-called Barbash report and I furnished for the record a complete documentation of these actions (record, pp. 1262-1271).

I might add that on the considered approach that actual performance is better than promises, the speeding up of case handling has been given my major attention since taking office approximately 15 months ago. All employees have been made alert to the problem and currently we have had the highest production record in the history of the Agency in terms of case closings. The subcommittee was offered arithmetical documentation in this regard but apparently accepted my narrative at face value (report, pp. 1262-1263). As illustrative of the documentation that was available, I am attaching as Appendix A, statistics showing the increase in monthly closings of unfair labor practice cases during the current fiscal year as compared with previous periods. Since, as you know, the general counsel has, under the statute, final authority on behalf of the board to investigate charges, to issue complaints, and to prosecute such complaints, this increase in productivity reflects, in substantial part, the continuing efforts of my staff in the matter of expeditious handling of cases. In addition, I pointed out in my testimony (record, p. 1262) that I ascribe considerable significance to the Manual on Case Handling which was issued in November 1957 and represented the first major documentation and revision of case handling procedures in the past 5 years. The issuance of this manual typifies the cumulative efforts of my predecessors and myself in directing searching efforts to eliminate delays and thereby make possible the handling of more cases.

I should like to advert briefly to 1 or 2 further items in connection with my testimony. In the matter of prehearing elections, a question was raised concerning whether it had been a time-saving device in representation-type cases (record, pp. 1300-1301). In response, I pointed out that, while the prehearing election was, in fact, a substantial timesaving device, legislative changes would be required in this matter and that the Congress would have to bal-

ance administrative relief or expeditious case handling on the one hand, against hearing opportunity or due process considerations on the other. On the floor of the Senate, when the Labor-Management Reporting and Disclosure Act of 1958 was being debated, various Senators, in discussing a proposed amendment to provide for prehearing elections, raised the issue in these identical terms and on that balanced judgment the Senate saw fit to strike such a provision from the final bill (CONGRESSIONAL RECORD, pp. 10263-10268, June 16, 1958).

I have also noted that the bill adopted by the Senate on June 17, 1958, requires the Board to assert its jurisdiction in the so-called no-man's land. In this connection also, the Senate has recommended that \$1.5 million be added to the Board's appropriation to enable it to extend its jurisdiction into this no-man's land. The Senate's action in this respect is consonant with the practical fiscal approach first suggested by me as a solution to this problem in the event the Congress desired the Board to exercise its jurisdiction more fully. I feel the Senate's further action in recommending other necessary funds is recognition of the fact that the prime delay factor in the handling of cases has been money and personnel as I pointed out on a number of occasions.

Although the foregoing is by no means a complete recital, it is, I believe, illustrative of my testimony before your subcommittee. Accordingly, I strongly feel that the characterization in the Senate report of such testimony as indicative of a "lack of evidence" that this Agency has "given adequate attention to the urgent necessity to eliminate delays" is unwarranted and in actual conflict with the record testimony.

In requesting that you reexamine my testimony in the foregoing light, I recognize your continuing heavy responsibility and the time-consuming demands involved in the current proposed labor legislation. However, I believe that I cannot properly allow the statement in question to go unchallenged, particularly as it reflects upon the employees of this Agency who have been making strenuous and successful efforts to increase and improve our handling of cases.

Thanking you for your continued cooperation in this matter and with my warm personal regards, I am,

Sincerely yours,

JEROME D. FENTON,
General Counsel.

APPENDIX A

National Labor Relations Board—Summary of unfair labor practice ("C" type) cases closed by agency

1956	5,619
1957	5,144
Average annual (1949-57)	5,548
Average monthly (1949-57)	462
CURRENT YEAR	
July	535
August	477
September	461
October	571
November	457
December	537
January	605
February	676
March	654
April	700
May	800
Total	6,473

Average monthly—588
JUNE 1958.

THE ARMY'S MISSILE PROGRAM

Mr. THURMOND. Mr. President, on June 30 the distinguished Secretary of,

the Army, the Honorable Wilber M. Brucker, gave a fine summary of the Army's missile program to an audience at Fort Bliss, Tex.

I have read a great deal about the Army missile program, but I have never seen a short summary of the whole program which gave a clearer picture of what the Army is doing than is contained in these brief remarks. I believe that every Member of the Senate will be interested in reading this concise summation of one of the most important military subjects.

I ask unanimous consent that the statement by Secretary Brucker be printed in the body of the RECORD following these remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

REMARKS BY THE HONORABLE WILBER M. BRUCKER, SECRETARY OF THE ARMY, MISSILE ORIENTATION AND DEMONSTRATION, FORT BLISS, TEX., JUNE 30, 1958

It is most gratifying to see the splendid turnout we have had for the Army missile demonstration here and at White Sands. I have seen many old friends from our sister services, from the Office of the Secretary of Defense, from industry, and from the press. It is good to see you and to have this opportunity to show you our Army missiles in action.

I know this audience appreciates the fact that each missile fired here represents only the business end of a missile system. These systems are complex, including several different types of radar, computers, specialized transport and handling equipment, and highly skilled technicians. They are expensive in terms of money, materiel, and manpower.

Now tonight I want to talk to you about our Army missile program. I am going to discuss where we are, where we are going, and the tasks we must accomplish both today and in the future.

First I shall talk about our missiles in the surface-to-air category. These missiles, which contribute to the air and space defense of the continental United States and our military forces wherever they are deployed, are of critical importance. It is imperative that we maintain air and space defenses which can match an enemy's known capabilities to attack through the air or space. This we have done and are doing. The Nike Ajax batteries which are guarding so many of our cities and other key installations throughout the Nation can successfully engage and defeat any known enemy bomber in operation today. As you know, we are supplementing the Nike Ajax with the Nike Hercules, a second generation missile which has much greater range and kill probability at much higher altitudes than the Nike Ajax. The Nike Hercules will carry an atomic warhead. Whereas the Nike Ajax can destroy individual planes, the Hercules can kill whole formations of planes.

To insure an all-altitude air defense, we are also building the Hawk missile, which can destroy enemy planes coming in on the deck. The Hawk will be a deadly killer and we are very pleased by its performance.

We feel the Nike Ajax, Hercules, and Hawk family will provide the best effective defense against enemy bombers of the most advanced types. However, they will not stop enemy intercontinental ballistic missiles.

The task of detecting, intercepting, and destroying a missile approaching the United States at a speed of several thousands of miles per hour is admittedly difficult. But the problem is solvable. A ballistic missile travels according to known laws of physics and follows a known, predictable trajectory.

That is the Achilles heel which will permit us to attack and destroy it.

In developing an anti-missile missile system, we are not depending solely on entirely new and unproven paths. Rather, we are starting from known baselines of the Nike Ajax and Nike Hercules systems. This is the reason we term our anti-missile missile the Nike Zeus, to indicate its kinship with the Nike family. We are developing the Nike Zeus system as a matter of high priority.

We in the Army are especially impressed with the deterrence which an effective air defense, to include an antimissile system, provides. Both the Soviets and ourselves may in the future reach a standoff position in thermonuclear attack capabilities. In short, we would both have the ability to destroy each other, and the balance of power between us would not be significantly altered by adding to an offensive capability that is already more than adequate to deliver mortal blows. In such a situation, the balance of power could be altered, however, if one side or the other develops a defensive capability significantly greater than its opponent, for by so doing one reduces the thermonuclear attack capabilities of an enemy. By developing a really effective air and space defense we would have the advantage in the diplomacy of deterrence.

So much for our surface-to-air capabilities. I would like now to discuss our surface-to-surface missile program.

Our goal in this program is to integrate surface-to-surface missiles into our Pentomic Field Army in such a way that Army commanders at all levels will have firepower of unprecedented strength discrimination and precision immediately responsive to their command. We are progressing satisfactorily toward this goal. For several years we have had the Honest John free pocket with troop units deployed overseas. The Honest John can deliver atomic and conventional warheads. Corporal battalions, capable of attaining ranges of 75 miles with atomic or conventional payloads, are also with our Army units overseas. Some time in the 1960's we will substitute the solid-propellant Sergeant missile for the liquid-fueled Corporal. As you know, the 40th Redstone group is in the process of deploying overseas. In the field of new missiles, we are working on the Pershing, a solid-propellant, two-stage missile which will be a much better tactical weapon than the Redstone, and gain a distinct advantage in mobility and ease of handling. Other surface-to-surface missiles include the Little John, a smaller, lighter version of the Honest John; the Dart, an antitank missile, and the LaCrosse, an incredibly accurate and powerful missile for use against point targets on the battlefield.

In our surface-to-surface missile program, as in our surface-to-air program, we are projecting from accumulated successful experience and know-how. The Redstone, for instance, is one of the most carefully tested missiles in our history. The constant testing to which it was subjected permitted our scientists and engineers to rid the missile and its system of many of the bugs inherent in any missile system during the early stages of its development. Maximum use is made of computer-simulated synthetic missile firings, together with static testing, to reduce the high cost of live firings, and to permit immediate correction of design errors which become apparent between actual firings. This is why the Redstone provided such a dependable first stage for the Jupiter-C which launched Explorers I and III. The Redstone has also provided valuable experience which we utilized in building the Jupiter.

In creating our missile systems, we are always working against time—time needed to develop prototypes for components of the system, time needed to produce these components, and time needed to train soldiers

to man the system. To save time, we must compress and overlap research and development, production, and training programs. Development of the Redstone and Jupiter missile systems illustrates what I mean.

During the development phase of the Redstone, Army scientists and engineers, contractor production engineers, and Army artillerymen earmarked for the first Redstone missile battalion all worked together at Redstone Arsenal. Production engineers recommended changes in prototype parts which would permit faster and cheaper production without altering the Redstone's ability to perform its intended mission. From the knowledge gained at Redstone Arsenal, the production contractors were able to start production tooling before prototypes were finished. Artillerymen familiarized themselves with the equipment they would later operate as that equipment was fabricated in prototype. Thus, when Redstone prototypes were completed, production began without delay to furnish hardware to a partially trained Redstone battalion already in existence.

It is difficult to predict future developments in the field of missiles which has seen so many dramatic advances in recent years. Scientific and technological breakthroughs undreamed of today may well inspire radical changes in future missile development. We in the Army realize we must remain flexible in our thinking and in our missile research and development program in order to take advantage of future discoveries.

Meanwhile, we have in being an experienced and seasoned organization capable of determining the future course of developments in both surface-to-air and surface-to-surface missiles. At Huntsville, Ala., is located the United States Army Ordnance Missile Command, responsible for the conduct of our entire missile research and development program. This command directs the efforts of the Army Ballistic Missile Agency and the Army Rocket and Guided Missile Agency, both at Huntsville, together with the White Sands Missile Range here, and the Jet Propulsion Laboratory at Pasadena, Calif. We also have an extensive school system to train the men who man our missile systems. The Air Defense Center here at Fort Bliss is a major unit in that training establishment. It has trained more than 55,000 officers and men for missile units since 1946. The United States Army Artillery and Missile Center at Fort Sill, Okla., has already trained more than 4,000 students in the operation of surface-to-surface missiles and is expanding its effort. The United States Army Ordnance Guided Missile School at Huntsville, Ala., trains ordnance specialists who maintain and service Army missile materiel. More than 7,000 students have completed courses at this school.

These facilities provide the base from which more and better Army missile units will emerge in the future. They constitute integrated national missile assets of unprecedented value, and will be of significant influence in the years ahead.

I want you to know that it is a distinct honor and privilege to be with you and to extend to you personally and officially a welcome to White Sands. I hope that your visit here will not only be fruitful and instructive, but that while here each of you will have an enjoyable time.

SENATOR KENNEDY'S TESTIMONY ON UNEXPENDED BALANCES BILL

Mr. PROXMIRE. Mr. President, more than a year ago the junior Senator from Massachusetts [Mr. KENNEDY] introduced and the Senate passed unanimously a bill which would require that the budgets of executive agencies be sub-

mitted on an annual basis and prohibit the carrying over of unexpended balances. This measure has had the support of many eminent people, including 49 other Senators who joined Senator KENNEDY when he introduced it.

Because the House passed the bill in a different form which required changes in the rules of the Senate, this important legislation has reached a stalemate which the Appropriations Committee is now trying to resolve. On July 8 Senator KENNEDY made a statement before that committee which is a model of terseness and clarity, and which makes the proposal which I hope the committee, in its wisdom and experience, will see fit to accept. Senator KENNEDY proposes that the committee restore the language of his original Senate bill and take the measure to conference.

The leadership Senator KENNEDY has given to the effort to bring about this much needed fiscal reform is deeply appreciated by all of us who support it. His testimony before the Appropriations Committee is another outstanding demonstration of his leadership.

Mr. President, I ask unanimous consent that Senator KENNEDY's testimony be printed in the RECORD at this point in my remarks.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR JOHN F. KENNEDY, DEMOCRAT, MASSACHUSETTS, BEFORE THE SENATE APPROPRIATIONS COMMITTEE URGING ENACTMENT OF LEGISLATION IMPROVING BUDGET PRACTICES AND CONTROL OF APPROPRIATIONS

I appreciate the opportunity you have provided me to comment upon this bill. It implements one of the most important recommendations of the second Hoover Commission. Its purpose has been approved by the President, the Secretary of the Treasury, the Budget Bureau, and the General Accounting Office. It changes the method of stating budget estimates to give both the executive department and the Congress a better understanding and control of expenditures. When adopted, the budget will become a modern accounting device—a useful tool to control expenditures. It will no longer be an antiquated system whose purpose seems to be to deny information and supervision to the responsible authorities.

Never before in our peacetime history have we had such large budgets. Never before in our peacetime history have we had such large carryovers from year to year. The 1958 budget carries requests for appropriations and other obligating authority totaling over \$73 billion. Almost an equal amount, or some \$70 billion, in appropriations and other obligating authority, was carried forward from prior years. There was, therefore, available to the Government agencies during 1958 over \$143 billion. Yet actual expenditures are estimated at approximately \$72 billion.

I know I need not stress to this committee the difficulty encountered in determining, with respect to any individual budget, the actual expenditures during the year, the appropriation for the year, the obligating authority for the year, and the balance of appropriations carried forward from preceding years. This bill should synthesize and simplify this problem. As matters now stand, Congress has little control over spending once the funds are voted. The system and the procedures being used might have been satisfactory when our budgets were small but they are not adequate in the age of the \$70 billion budget.

Mr. Chairman, I know there is little dispute over the basic objectives of this legislation. The Senate has passed similar bills on two prior occasions. S. 434, a bill which I introduced early last year and which was cosponsored by 49 of our colleagues, passed the Senate by unanimous action on June 5, 1957. It, too, provided for improved methods of stating budget estimates. Senators STYLES BRIDGES, DENNIS CHAVEZ, SPESSARD L. HOLLAND, IRVING M. IVES, WARREN G. MAGNUSON, JOHN L. MCCLELLAN, KARL E. MUNDT, CHARLES E. POTTER, A. WILLIS ROBERTSON, LEVERETT SALTONSTALL, MARGARET CHASE SMITH, EDWARD J. THYE, and EVERETT M. DIRKSEN, all of whom are members of this committee, were sponsors of that bill.

At the same time that the Senate was considering S. 434, the House was considering an almost identical bill. The House Committee on Government Operations reported the House bill unanimously on June 13, 1957. However, on the House floor a new bill was substituted and that is the one which passed the House and has been referred to this committee.

Although this bill, like S. 434, will permit greater control of expenditures, it makes at least 6 changes in the rules of the Senate. In addition, it adopts a different system for controlling estimated annual accrued expenditures. The Citizens Committee for Reorganization of the Executive Branch of the Government states these differences as follows:

"Under S. 434, the present method of making appropriations in a budget year for not only the goods and services to be received in that year but for long-lead procurement for goods and services to be delivered in subsequent years, would be replaced by:

"(a) An appropriation for the budget year representing the goods and services to be delivered in that year, and

"(b) Contractual authority for goods and services to be ordered in that year but not delivered or rendered until subsequent years.

"Under H. R. 8002, the present method of making appropriations would, in effect, remain the same. However, there would be a limitation in each appropriation which would control the amount of goods and services to be received in the budget year.

"In other words, appropriations would be controlled on an annual basis under the limitation procedure, and in addition, orders for long-lead time procurement could be placed under the appropriation similar to the method of placing orders under contractual authority as contemplated by S. 434."

In addition, H. R. 8002 would make it possible for Congress to include in appropriations bills, amendments, rescissions, or transfers of appropriations previously made, without such provisions being subject to a point of order. It is that feature of the bill which necessitates the rules changes.

In order to permit speedy action upon this eminently desirable legislation, I recommend that everything in H. R. 8002 after the enacting clause be stricken and the language of S. 434 be substituted. This would have the following advantages:

First, S. 434 has already been considered by the Committee on Government Operations of the Senate and by the Senate, and prompt action by the Senate can be anticipated. A conference committee can then speed this measure to passage.

Second, unlike the House bill, S. 434 does not require any serious revision in the rules of the Senate. The only change which S. 434 makes in the Senate rules is one which would give the Appropriation Committees of Congress authority to include contract authorizations or other legislative amendments for the forward planning of long lead-time programs in an appropriations bill. To meet this problem S. 434 includes a specific provision changing the rules of each House of Congress.

Third, S. 434 will eliminate carryover appropriations balances. The House bill would not eliminate these balances although it would permit an annual review of them.

Fourth, the provisions of S. 434 incorporate a vastly simpler system of budget estimates. It is uncomplicated by limitations on expenditures and other devices which would have to be included in the agency accounting system to keep track of these limitations.

Mr. Chairman, I am convinced there is an urgent need for this legislation. Appropriations must be related to expenditures each year, and the agency administrative officer held accountable for the utilization of the funds in the manner directed by Congress. This will clarify the fiscal thinking of the executive department; it will result in substantial savings; it will reduce wasteful expenditures; and it will provide Congress with effective controls over all expenditures.

STABILIZATION OF PRODUCTION OF COPPER, LEAD, ZINC, AND OTHER MINERALS FROM DOMESTIC MINES

The Senate resumed the consideration of the bill (S. 4036) to stabilize production of copper, lead, zinc, acid-grade fluorspar, and tungsten from domestic mines.

Mr. WILLIAMS. Mr. President, on behalf of my colleague [Mr. FREAR] and myself, I offer the amendment which I send to the desk and ask to have stated. It is designated "7-10-58-K."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 1, lines 8 and 9, and on page 2, line 1, it is proposed to strike out the words "acid-grade fluorspar (fluorspar containing 97 per centum or more calcium fluoride on a dry weight basis)."

On page 2, lines 5 and 6, it is proposed to strike out the words "acid-grade fluorspar."

On page 2, it is proposed to strike out all of lines 22 and 23.

On page 4, it is proposed to strike out all of lines 1 and 2.

On page 5, it is proposed to strike out all of line 3 and the first word, "tons;" on line 4.

On page 6, lines 12 and 13, it is proposed to strike out the words "fluorspar (acid grade), \$13 per short ton."

On page 6, lines 21 and 22, it is proposed to strike out the words "fluorspar (acid grade), five thousand tons."

Mr. WILLIAMS. Mr. President, the purposes of this amendment is to strike the fluorspar subsidy from the bill. I advance the same arguments that were advanced in connection with tungsten. The mineral is not needed, and there is no justification for its inclusion.

I have received a letter which I shall ask to have printed in the RECORD. It is signed by Mr. Franklin Floete, Administrator of the General Services Administration, and is dated July 7, 1958. I shall read a portion of the letter:

Total Government inventories of lead, zinc, acid-grade fluorspar, and tungsten trioxide exceed the stockpile objectives for these materials. * * *

Government inventories exceed the objectives originally established * * * for acid-grade fluorspar by 480,000 short tons.

In other words, the Government already has on hand in the stockpile more

than is needed. I ask unanimous consent that the entire letter be incorporated in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

GENERAL SERVICES ADMINISTRATION,
Washington, D. C., July 7, 1958.
HON. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

DEAR SENATOR WILLIAMS: Information in connection with S. 3892 is submitted as requested in your letter of June 4.

S. 3892 provides for stabilization payments to producers for copper, lead, zinc, acid grade fluorspar, and tungsten trioxide rather than for the purchase of these materials by the Government. The bill provides that stabilization payments be made for sales of these materials, or further processing in lieu of sales, of any production up to stated annual limitations. Payments are not to be made on any material sold or eligible for sale to the Government pursuant to a contract made under the provisions of the Defense Production Act, the Strategic and Critical Materials Stock Piling Act, or the Domestic Tungsten, Asbestos, Fluorspar and Columblum-Tantalum Production and Purchase Act. The bill further provides that material so sold or eligible for sale to the Government is to be applied to reduce the annual limitations.

1. Total Government inventories of lead, zinc, acid grade fluorspar, and tungsten trioxide exceed the stockpile objectives for these materials. Government inventories of copper exceed the interim basic stockpile objective.

2. Government inventories exceed the objectives originally established for lead by approximately 60,000 short tons, for acid grade fluorspar by 480,000 short tons, and for tungsten trioxide by 7,500,000 short-ton units. Government inventories are approximately the same as the originally established objective for zinc and are less than the original objective for copper.

3. The prices of these materials are set forth in table I of the enclosure.

4. Information on the value of the annual limitations for the materials in S. 3892 is set forth in table II of the enclosure.

5. It is our understanding that the primary purpose of S. 3892 is to stabilize production of these materials.

This report is sent to you in advance of clearance by the Bureau of the Budget inasmuch as we understand that you have an immediate requirement for this information.

Sincerely yours,

FRANKLIN FLOETE,
Administrator.

Mr. WILLIAMS. One of the purposes of the bill is to support the price of domestic fluorspar at \$53 a ton. Under that arrangement, the Government would pay as much as \$13 a ton by way of subsidy. The \$13 figure is \$5 higher than was endorsed even by the Department of the Interior. The Department of the Interior, in a letter which I shall ask to have included in the RECORD, stated it was opposed to the price as it was increased by the committee. The bill would support a \$53 price. By allowing the producers to sell fluorspar at \$40 a ton, they could then bill the Government for the difference. The price of fluorspar during 1958 has averaged only \$50 a ton. In 1957 fluorspar sold for between \$50 and \$55 a ton, with the average price nearer \$50 a ton. It is proposed in the bill to establish a base price, through a Brannan subsidy formula, for this

metal higher than it has been selling for in the last 3 or 4 years. And this would be done for a mineral of which, the Department says, it has more than enough to supply its needs.

We have gone through all these arguments before. I see no reason for repeating them. I ask unanimous consent to

Price for acid-grade fluorspar f. o. b. shipping point (Kentucky-Illinois, or Rosiclare)

(Dollars per short ton, bulk, carload lots)

	1953	1954	1955	1956	1957	1958
January.....	60.00	57.50	47.50	47.50	51.50-55.00	50.00
February.....	60.00	57.50	47.50	47.50	52.50-55.00	50.00
March.....	60.00	55.00	47.50	47.50	54.50-55.00	50.00
April.....	60.00	52.50	47.50	47.50	50.00	50.00
May.....	60.00	52.50	47.50	47.50	50.00	50.00
June.....	60.00	52.50	47.50	47.50	50.00	50.00
July.....	60.00	52.50	47.50	47.50	50.00	50.00
August.....	60.00	52.50	47.50	47.50-52.50	50.00	-----
September.....	60.00	52.50	47.50	52.50-55.00	50.00	-----
October.....	57.50	47.50	47.50	52.50-55.00	50.00	-----
November.....	57.50	47.50	47.50	52.50-55.00	50.00	-----
December.....	57.50	47.50	47.50	52.50-55.00	50.00	-----

¹ From April 1957 to present, some sales reported at \$55.

Source: Miscellaneous Metals and Minerals Division, BDSA, U. S. Department of Commerce, July 7, 1958.

Mr. WILLIAMS. Another feature of the pending bill is that it departs from the customary practice in that it removes any freight differential on subsidy payments. That means that the price would be based upon the shipping point, wherever that may be. To that extent the Government will be supporting a price which will go to the equivalent of \$60 a ton, based on what was paid in prior years. If we pass the bill we will be establishing an entirely new freight formula as well as establishing a Brannan formula for the entire mining industry. I ask that my amendment be adopted.

Mr. BIBLE. Mr. President, I yield myself 2 minutes. The proposed legislation for the stabilization of the price on fluorspar was fully considered by the committee. The price arrived at is consistent with present prices being paid by the Government. The amendment of the Senator from Delaware should be rejected. I now yield 3 minutes to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, it should be emphasized that the purpose of the bill is to preserve the mineral industry, and that involves a subsidy. We could labor the point and fill the CONGRESSIONAL RECORD with a great many figures. However, it seems to me that the determining factor is: What does it cost to get metal out of the earth? In Colorado it costs about \$48 a ton. In Illinois the cost is slightly higher. I believe it is about \$49.50 a ton. The \$13 differential which is provided in the bill will give the domestic producers an opportunity to bid competitively on about 60,000 tons of fluorspar.

The committee has gone into the matter very, very thoroughly. They have had the benefit of cost estimates from the industry. I sincerely hope, in order to maintain the bill as it was reported, the amendment of the Senator from Delaware will be roundly rejected.

Mr. BIBLE. Mr. President, I yield 1 minute to the Senator from Colorado.

Mr. ALLOTT. I wish to comment about the statement concerning costs that my own investigation and information from the fluorspar miners of Colo-

have inserted in the RECORD a list of average prices for acid-grade fluorspar for the years 1953 through 1958, as furnished by the Department of Commerce under date of July 7, 1958.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

rado is that the cost there is about \$53 or \$54 a ton, which is comparable with the price in the bill. I thought I should make that statement in connection with the previous statement made on the floor.

Mr. WILLIAMS. Mr. President, I yield myself 2 minutes.

I think the Senator from Illinois made one of the best arguments for the adoption of the amendment. He said that the cost of fluorspar in his area is about \$47 or \$48 a ton. The bill would support the price at \$53 a ton. The Senator from Colorado stated that the cost in his area was around \$53 a ton.

The bill provides a bonus payment for some of the minerals, whereby the producers can draw a bonus over and above the price at which the product is sold. I am not sure what it does in this connection on tungsten.

A freight differential is paid on shipments from Colorado because the cost is greater to put the material from that region into the finishing markets. What the bill does for fluorspar is to guarantee that industry a margin of profit. The bill guarantees that the Government will pay the producer for all he can produce and that the Government will buy it at a profit.

I have always contended that the agricultural support-price program has gone too far. But now we are starting a program for the mining industry which will make the 90-percent support price on agricultural products look like a piker. As I stated before, the suggested support of \$53 a ton is higher than the average price of fluorspar in the past 4 or 5 years.

Mr. BIBLE. Mr. President, will the Senator yield for a question?

Mr. WILLIAMS. I yield.

Mr. BIBLE. Did I correctly understand the Senator to say that a stabilization price would be paid over and beyond the \$53 a ton?

Mr. WILLIAMS. The producer can sell fluorspar for \$40 a ton and collect \$13. Then there is the freight-differential allowance. Does the bill provide a bonus feature of any description?

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 18, 1958
For actions of July 17, 1958
85th-2d, No. 120

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HIGHLIGHTS: House committee ordered reported bill to facilitate insured loans by USDA. Rep. Hill urged prompt enactment of farm legislation. Rep. Cooley criticized USDA position on barter program. Rep. Martin introduced and discussed Administration bill for study of Federal pay systems. House received conference report on Labor-HEW appropriation bill. Senate debated trade agreements extension bill. Senate committee ordered reported accrued expenditures budgeting bill.

SENATE

- 1. TRADE AGREEMENTS.** Continued debate on H. R. 12591, the trade agreements extension bill (pp. 12822-39, 12842-54, 12855-69, 12871-12914). Adopted an amendment by Sen. Capehart to request the Tariff Commission to study the advisability of basing tariff rates upon the wage rates paid in the respective countries (p. 12903).
Rejected, 4 to 85, an amendment by Sen. Clark to make the Trade Agreements Act permanent (pp. 12864-9).
- 2. BUDGETING.** The Appropriations Committee ordered reported with amendments H. R. 8002, the accrued-expenditures budgeting bill. p. D691
- 3. LOW-INCOME FARMERS.** Sen. Hoblitzell inserted a chapter, from a book on Resource Training, which discussed how low incomes in agriculture can be improved through area development or rural development projects. pp. 12821-2
- 4. CORN.** Sens. Murray and Flanders were added as cosponsors to S. J. Res. 105, to designate the golden corn tassel as the national floral emblem. p. 12917

HOUSE

5. FARM LOANS; FORESTRY. The Agriculture Committee ordered reported H. R. 10965, to improve the insured-loans program under Title I of the Bankhead-Jones Farm Tenant Act; H. R. 12494, with amendment, to authorize the Secretary in selling certain lands to N. C. to permit the State to sell or exchange such lands for private purposes; and H. R. 8481, to extend the forestry provisions of the Agricultural Act of 1956 to Hawaii. p. D694
6. FEDERAL-STATE RELATIONS. Passed, 241 to 155, with amendments H. R. 3, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws. pp. 12784-818
Agreed, 206 to 88, to an amendment by Rep. Willis which specifically provides for the enforcement of State statutes prescribing criminal penalties for subversive activities. pp. 12793-97
Rejected an amendment by Rep. Withrow to exclude from the bill any act of Congress relating to common carriers and their employees operating in interstate commerce. pp. 12801-02
7. PERSONNEL. The Post Office and Civil Service Committee reported with amendment S. 25, to specify the effective date upon which changes in pay of wage-board employees shall begin following the start of a survey (H. Rept. 2207). p. 12813
The Post Office and Civil Service Committee ordered reported with amendment
8. H. R. 1168, to clarify the application of Sec. 507 of the Classification Act of 1949 with respect to the preservation of the rates of basic compensation of certain employees in cases involving downgrading actions. p. D695
The committee appointed special subcommittees to consider H. R. 9407, to provide additional opportunity for certain employees to obtain career-conditional and career appointments in the competitive service; and H. R. 6552, to authorize the noncompetitive acquisition of a competitive status by employees with a service-connected disability.
8. WATER POLLUTION. The Public Works Committee reported without amendment H. R. 13420, to amend the Federal Water Pollution Act so as to increase the limitation on certain grants for construction from \$250,000 to \$500,000 (H. Rept. 2212). p. 12813
9. ONION FUTURES. Conferees were appointed on H. R. 376, to prohibit trading in onion futures and remove onions from regulations under the Commodity Exchange Act. Senate conferees have not been appointed. p. 12781
10. APPROPRIATIONS. Received the conference report on H. R. 11645, the Labor-HEW appropriation bill for 1959 (H. Rept. 2220). With regard to the Mexican Farm Labor program, agreed to restore the House language to provide \$480,600 for determining compliance with contracts under the program, and to provide \$1,550,000 for administration of the program, instead of \$2,250,000 as proposed by the Senate. pp. 12782-84, 12813
11. FARM PROGRAM. Rep. Hill urged the House to "pass an agricultural bill similar to that pending before the Senate," with the inclusion of provisions for the extension of Public Law 480 and the Wool Act. He criticized "political opportunists ... trying to farm the farmer instead of working for sound, beneficial agricultural legislation and programs." p. 12810

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 22, 1958
For actions of July 21, 1958
85th-2d, No. 122

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HIGHLIGHTS: House debated bill to extend Public Law 480. House passed bills to: Increase allotments for extra-long staple cotton seed. Amend Federal Seed Act. House committee ordered reported Klamath Indian land bill. House received conference report on independent offices appropriation bill. Senate committee reported accrued expenditures budgeting bill. Senate debated trade agreements extension bill. Senate debated industrial uses research bill.

SENATE

1. BUDGETING. The Appropriations Committee reported with amendments H. R. 8002, the accrued expenditures budgeting bill, with individual views by Sen. Hayden (S. Rept. 1866). p. 13062
2. TRADE AGREEMENTS. Continued debate on H. R. 12591, the trade agreements extension bill. pp. 13075-6, 13085-6, 13093-5, 13110-11, 13115-45
3. ONION FUTURES. Conferees were appointed on H. R. 376, to prohibit trading in onion futures and remove onions from regulation under the Commodity Exchange Act. House conferees have been appointed. p. 13065
4. RESEARCH. Began debate on S. 4100, to provide for an expanded program of research on the industrial use of agricultural products. pp. 13098-13104
5. FORESTRY. Passed without amendment the following bills:
H. R. 10321, to authorize the exchange of lands of the Estes Park Administrative Site, Roosevelt National Forest, for lands of equal value outside

the forest near Ft. Collins, Colo. This bill will now be sent to the President. p. 13097

H. R. 11253, to authorize the Secretary of Agriculture to exchange certain Forest Service lands and improvements with Redding, Calif., Municipal Airport. This bill will now be sent to the President. p. 13097

H. R. 12161, to authorize establishment of townsites from National Forest lands, including their sale to private individuals. This bill will now be sent to the President. p. 13098

S. 3248, to authorize the Secretary of Agriculture to exchange lands comprising the Pleasant Grove Administrative Site, Uinta National Forest, Utah, with a Pleasant Gove, Utah, church. pp. 13097-8

Passed as reported the following bills:

S. 3439, to reconvey to Salt Lake City the Forest Service Fire Warehouse lot in that city. pp. 13096-7

S. 3741, to facilitate the administration of Forest Service lands by making all FS lands (with the exception of the O&C revested lands) subject to administration as public domain or Weeks law lands. p. 13098

6. PERSONNEL. Passed as reported S. 4004, to encourage and authorize details and transfers of Federal employees for service with international organizations through the retention of Federal employee benefits during periods in which an employee is detailed to work with an international agency or who transfers to an international agency on leave from the Government. pp. 13095-6

7. WATER POLLUTION. The Public Works Committee ordered reported with amendments H. R. 6701, granting the consent of Congress to the Tennessee River Basin Water Pollution Control Compact. p. D708

8. WATER RESOURCES. The Public Works Committee ordered reported with amendments the following measures:

S. 4021, to establish a U. S. Study Commission on the Savannah, Altamaha, St. Marys, Apalachicola-Chattahoochee, and Alabama-Coosa River Basins; and S. Res. 248, to provide for hearings on the relationships of water resource development programs of the U. S., Russia, and Communist China (previously approved by the Interior and Insular Affairs Committee). p. D708

9. WATERSHED PROJECTS. Received from the Budget Bureau plans for works of improvement on Lower Willow Creek, Mont., Whitegrass-Waterhole Creek, Okla., and Little Schuylkill River, Pa. pp. 13061-2

The Public Works Committee approved watershed projects on Upper Lake Fork Creek, Tex., Dry Devils River, Tex., Lower Willow Creek, Mont., Little Schuylkill River, Pa., and White Grass Waterhole, Okla. p. D708

10. FEDERAL-STATE RELATIONS. Sen. Stennis discussed and urged enactment of H. R. 3, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws. pp. 13080-1

11. PERSONNEL ETHICS. Sen. Morse inserted an editorial commending Congress for providing a Code of Ethics for Federal employees. p. 13069

12. BUILDINGS. Sen. Smith, Me., urged greater attention to artistry and quality in the development of the Federal capital area. pp. 13072-3

13. SMALL BUSINESS. Sen. Proxmire inserted his testimony on behalf of S. 3850, the fair trade bill, urging the preservation and protection of the family store small business. p. 13074

85TH CONGRESS }
2d Session }

SENATE

{
REPORT
No. 1866

PROVIDING FOR IMPROVED METHODS OF STATING BUDGET ESTIMATES

JULY 21, 1958.—Ordered to be printed

Mr. BRIDGES, from the Committee on Appropriations, submitted the
following

R E P O R T

together with

INDIVIDUAL VIEWS OF CHAIRMAN HAYDEN

[To accompany H. R. 8002]

The Committee on Appropriations, to whom was referred the bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, having considered the same, report the bill to the Senate with amendments.

PURPOSE OF HOUSE BILL

The bill as it passed the House would authorize the application of the accrued expenditure system to all appropriations and fund accounts when the President determined that there had been established an adequate system of accrual accounting and if the Congress chose to include the limitations in appropriation bills.

The annual accrued expenditure system, under the terms and provisions of H. R. 8002, would be put into effect by imposing annual accrued expenditure limitations on appropriations and funds available from prior appropriations. The present method of granting "obligational authority" would remain the same. The adoption of this system of accrued expenditure limitations would require an expenditures accounting system in moderate addition to the present accounting system for controlling obligational authority which would be of negligible significance as compared to the tighter congressional budgetary control.

POSITION OF THE COMMITTEE

The Congress has absolute control over expenditures by reason of its constitutional responsibility in the granting of obligational authority. Under the terms of H. R. 8002, a majority of the committee feels that the Congress will have an opportunity to exercise better control over the expenditures in the year in which they are to be made and that the Congress will have an opportunity to exercise better control over the unexpended balances of appropriation, because limitations on expenditures of these unexpended balances will be made each year.

It is provided in the bill that the President's budget may include a recommendation for accrued expenditure limitations after the President has determined that there exists an adequate and satisfactory system of accrual accounting for the appropriation account involved. Furthermore, the inclusion of such recommendations in the budget would be recommendations which the Congress could allow, disallow, or modify.

NEED FOR FLEXIBILITY IN THE LIMITATIONS

It is the view of the committee that it is essential that the Secretary of Defense be given authority to transfer the unused portions of the limitations on annual accrued expenditures. Not to provide such authority could seriously endanger the defense program.

In his message to the Congress on April 16, 1958, pertaining to the reorganization of the Department of Defense, the President stated, in part, as follows:

* * * In my message of April 3, I stated it as fundamental that the Secretary of Defense, as the civilian head of the Department of Defense, should have greater flexibility in money matters. The current method of providing funds has worked against the unity of the Department. I have directed that the Department's budget estimates for the 1960 fiscal year be prepared and presented in a form to provide the needed flexibility. * * *

If limitations on annual accrued expenditures were imposed it would be just as necessary, if not more so, that the Secretary of Defense have a wide degree of flexibility to transfer from one limitation to the other, unused portions of the limitations. Therefore, the committee recommends amendments to the bill to provide the necessary authority for such transfers.

The language recommended by the committee is general in nature and would authorize the inclusion of such transfer provisions for any department or establishment within such limitations as Congress may determine in each appropriation bill.

PERFECTING AMENDMENT

The committee desires to make it absolutely clear that the provisions of the bill, if enacted, will have no effect on the liability of the United States to contractors. The Government's liability stems from the grant of obligational authority and not from the limitation on annual accrued expenditures.

Subsection (f) states specifically that there is no change in existing law with respect to the method or manner of making appropriations or the making of contracts under appropriations. The committee's recommended amendment to subsection (d) and the elimination of subsection (e) of the House bill is designed to assure that where a contractor makes delivery he will be paid under the appropriations and the limitation applicable to the year in which the delivery was made. Furthermore, it should be clearly understood that in the unlikely event that the limitations on annual accrued expenditures should be exceeded the liability of the Government ultimately to make payment is not affected. If this unlikely event should occur it is almost inconceivable that the further action required of the Congress would not be forthcoming in order to make the payments. However, if by some improbable mischance this should be the case there is a clear and unequivocal remedy in the Court of Claims.

RULES CHANGES

Section 2 of the bill deals with changes in the rules of the Senate and House of Representatives. The committee has confined its consideration of this section to its effect on the Senate rules.

The bill as it passed the House would make it in order to include accrued expenditures limitations in appropriation bills that apply to funds previously appropriated. The committee recommends that this provision be retained. The committee also recommends an amendment to make it in order to include in any appropriation bill, provisions authorizing the head of a department or establishment to make transfers of the unused portions of the limitations on accrued expenditures within limitations prescribed by Congress in each appropriation bill.

The House bill provides that it would be in order to include in appropriation bills language relating to availability of appropriations of funds previously made. Thus it would be in order to include language to transfer, rescind, or reappropriate funds previously appropriated or to amend limitation in a previous act in an appropriation bill. Such a provision would operate to amend the Senate rules in that the proposed language would no longer be subjected to a point of order and, therefore, a simple majority rather than a two-thirds vote would be required to consummate the proposal. The committee recommends the deletion of this provision.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill H. R. 8002, as reported, are shown as follows (matter omitted is enclosed in brackets, new material is printed in italics, existing law in which no change is made is shown in roman):

BUDGET AND ACCOUNTING ACT, 1921, AS AMENDED BY THE BUDGET AND ACCOUNTING PROCEDURES ACT OF 1950

* * * * *

SEC. 201. (a) The President shall transmit to Congress, during the first fifteen days of each regular session, the Budget, which shall set forth his Budget message, summary data, and text, and supporting detail. The Budget shall set forth in such form and detail as the President may determine—

- (1) functions and activities of the Government;
- (2) at such times as may be practicable, information on program costs and accomplishments;
- (3) any other desirable classifications of data;
- (4) a reconciliation of the summary data on expenditures with proposed appropriations;
- (5) estimated expenditures and proposed appropriations necessary in his judgment for the support of the Government for the ensuing fiscal year, except that estimated expenditures and proposed appropriations for such year for the legislative branch of the Government and the Supreme Court of the United States shall be transmitted to the President on or before October 15 of each year, and shall be included by him in the Budget without revision;
- (6) estimated receipts of the Government during the ensuing fiscal year, under (1) laws existing at the time the Budget is transmitted and also (a) under the revenue proposals, if any, contained in the Budget;
- (7) actual appropriations, expenditures, and receipts of the Government during the last completed fiscal year;
- (8) estimated expenditures and receipts, and actual or proposed appropriations of the Government during the fiscal year in progress;
- (9) balanced statements of (1) the condition of the Treasury at the end of the last completed fiscal year, (2) the estimated condition of the Treasury at the end of the fiscal year in progress, and (3) the estimated condition of the Treasury at the end of the ensuing fiscal year if the financial proposals contained in the Budget are adopted;
- (10) all essential facts regarding the bonded and other indebtedness of the Government; and
- (11) such other financial statements and data as in his opinion are necessary or desirable in order to make known in all practicable detail the financial condition of the Government.

(b) *Whenever the President determines there has been established a satisfactory system of accrual accounting for an appropriation or fund account, each proposed appropriation thereafter transmitted to the Congress for such account pursuant to the provisions of this Act shall be accompanied by a proposed limitation on annual accrued expenditures. The President may include in the Budget with any such proposed limitation on annual accrued expenditures, proposals for provisions authorizing the head of a department or establishment to make transfers, within his department or establishment, between such limitations on annual accrued expenditures; and such provisions may limit by amount or by per centum the size of any transfer so proposed.*

(c) *Whenever an appropriation is subject to a limitation on annual accrued expenditures, there shall be charged against the limitation the cost of goods and services and other assets received, advance payments made and progress payments becoming due, and the amount of any other liabilities becoming payable, during the fiscal year concerned.*

(d) *At the end of the fiscal year concerned, any unused balance of the limitation on annual accrued expenditures shall lapse, except that whenever any liabilities are incurred within the limitation provided for in any fiscal year (whether or not recorded or reported in such fiscal year), nothing in this section shall be construed to prevent the making of payment therefor in any subsequent fiscal year.*

(e) *Any obligations incurred during the fiscal year concerned or in prior fiscal years which do not result in liabilities becoming payable during the fiscal year concerned shall be charged against the limitation on annual accrued expenditures for any succeeding fiscal year in which such obligations may result in liabilities becoming payable.*

(f) *Nothing in subsections (b) through (e) of this section shall be construed to change existing law with respect to the method or manner of making appropriations or the incurring of obligations under appropriations.*

INDIVIDUAL VIEWS OF CHAIRMAN HAYDEN

The amendments approved by the Committee on Appropriations provide that each estimate of appropriation shall be accompanied by a limitation on annual accrued expenditures, which may include a transfer provision, and such transfer provision shall be in order under the Senate rules. In other words, such estimates could be submitted for all departments and agencies of the Government.

As a substitute for those amendments, I proposed to limit the bill to the estimates for the Department of Defense which remain available until expended. My substitute was disapproved by the committee.

Since the reference of the bill to the Committee on Appropriations was made at my request, I desire to state my views for the information of the Senate.

No hearings had been held on the text of the bill as it passed the House. Previous hearings before the Senate Committee on Government Operations on the same subject resulted in bills which are fundamentally different from the bill now before the Senate.

At a hearing on July 8, 1958, the Committee on Appropriations discussed the pending bill with the Parliamentarian of the Senate, Mr. Watkins; the Acting Director of the Bureau of the Budget, Mr. Merriam; and the Assistant Secretary (Comptroller) of the Department of Defense, Mr. McNeil.

From Mr. Watkins, the committee learned of the threat to the Senate rules concerning unlimited transfer, reappropriation, and rescission provisions affecting funds previously made available, and was enabled to prepare amendments to protect the Senate rules by allowing authority to an agency head for transfers between limitations on annual accrued expenditures under the rule change making the limitation in order.

From Mr. Merriam, we received the assurance that the system would be workable and extremely helpful and effective in insuring an annual review of programs with unexpended balances. He stated that no significant amount of additional clerical work should result; and that it is impossible to put a dollar figure on savings from the system, but that the task force of the Hoover Commission reported there might be savings of \$3 billion or \$4 billion if this and some other steps were all taken and if as a result Congress took some action.

Mr. McNeil supported the House bill as resulting in Congress sharing in the expenditure problem, now solely the responsibility of the executive branch, but supported a single limitation for the Department of Defense as a whole, with flexibility assured by making the expenditure limitations sufficiently high. He stated that additional paperwork would be required by the system, using 5,000 to 7,000 additional personnel in the Department of Defense all over the world; and told the committee that in his opinion no direct saving can be made.

Whether or not there are substantial advantages to be gained by using the annual accrued expenditure system, I felt that the Congress

should have the benefit of an actual experience upon which to make a permanent decision. Therefore, I proposed the amendments which were disapproved, with the view to making subject to the annual accrued expenditure system the appropriations for military functions of the Department of Defense that are authorized to remain available until expended. And since the system under the bill would terminate on April 1, 1962, I considered that an adequate period of time would be provided in which to give the annual accrued expenditure system a fair trial. The system would also depend upon the existence of an adequate and satisfactory method of accrual accounting for these appropriations, and the limitations would be subject to the determination of the Congress to allow, disallow, or modify.

I believe that the appropriations to the Department of Defense for military functions which remain available until expended are the logical ones to which the system should be applied for the trial period. These appropriations involve long lead-time procurement, research and development projects, and the construction of military facilities and installations, some of which require several years. Such appropriations are set out in the following tabulation:

DEPARTMENT OF DEFENSE

No-year appropriations—Military functions

[In millions]

Appropriation	New obligational authority requested for fiscal year 1959	Estimated unexpended balance, July 1, 1958	Estimated unobligated balance, July 1, 1958
OSD and interservice activities:			
Salaries and expenses, advanced research projects.....	\$520	\$42	\$17
Construction of ships, MSTs.....		9	4
United States scientific satellite.....		6	
Olympic winter games.....		3	
Access roads.....		2	
Family housing.....		(1)	
Military construction, foreign countries.....		43	
Loran stations.....	20		
Department of the Army:			
Procurement of equipment and missiles.....	1,660	2,203	399
Research and development.....	499	324	29
Construction, Alaska communications system.....		1	1
Military construction.....	341	452	131
Military construction, Army Reserve Forces.....		81	48
Department of the Navy:			
Marine Corps procurement.....	25	555	254
Aircraft and related procurement.....	2,089	4,365	1,493
Shipbuilding and conversion.....	2,091	3,796	1,099
Procurement of ordnance and ammunition.....	608	328	26
Research and development.....	821	335	16
Construction of ships.....		14	
Ordnance for new construction.....		3	
Military construction.....	360	471	143
Military construction, Naval Reserve Forces.....	8	23	13
Department of the Air Force:			
Aircraft, missiles, and related procurement.....	6,530	10,075	2,985
Procurement other than aircraft and missiles.....	2,212	1,904	418
Research and development.....	743	459	50
Military construction.....	992	1,733	837
Total, Department of Defense.....	19,519	27,226	7,962

¹ Less than \$500,000.

NOTE.—Amounts will not necessarily add to totals due to rounding.

It will be noted that these appropriations involve requests for new obligational authority totaling \$19.519 billion for fiscal year 1959. As of July 1, 1958, it is estimated that the unexpended balance available in these appropriations total \$27.226 billion, and the unobligated balance available in these appropriations as of July 1, 1958, is estimated to total \$7.962 billion.

It must be remembered that these balances are made up of items or appropriations authorized by the Congress for specific purposes, and the funds cannot be used for any other purpose without the specific authorization of the Congress. They are made up of long lead-time items, such as aircraft, ships, missiles, or other procurement items, which require more than 1 year to be constructed or manufactured. It must also be remembered that such balances are funded or require cash from the Treasury only as progress payments are to be made under the contracts, or as procurement items are delivered.

In recommending that the system be applied only to these appropriations in the Department of Defense, may I point out the fact that the House bill does not cover all expenditures. Under the House bill about 14 percent (approximately \$10 billion) of the President's budget for fiscal year 1959, based on requests for new obligational authority of \$72.4 billion, would not be covered by the annual accrued expenditures system. The sources of these funds are (1) authorizations to expend from public debt receipts, (2) contract authorizations, (3) revolving and management funds, and (4) permanent appropriations.

From the hearings on H. R. 8002, and from experience in handling appropriation bills over the years, I seriously doubt whether the adoption of the annual accrual expenditure system will actually result in any savings to the American taxpayers.

While accrual accounting may be more desirable for most private enterprise operations, it does not follow that this type of accounting is required with respect to all of the programs and activities of the Federal Government. The financial management system required for a research activity is not appropriate for a lending activity, nor is the system required for a regulatory body suitable for a collection activity. Under the joint program for improving accounting in the Federal Government, now in its 10th year, changes are being constantly made to develop systems which are best suited to their individual management needs, and one agency may require several different kinds of systems. It should be clearly understood that the adoption of the annual accrued expenditures system, as proposed in H. R. 8002, is not necessary in order to have accrual accounting systems. This type of accountings has been used for several years by the Corps of Engineers for its civil works construction program, the Bureau of Reclamation for its construction program, and by other agencies.

INFORMATION PRESENTLY AVAILABLE TO CONGRESS

Information on obligations and expenditures for a 3-year period are presently included in the budget submissions made to the Congress on each appropriation item. The Appropriations Committee, in their annual hearings, inquire searchingly into the expenditure of previous funds, the existence of unused balances and reasons therefor, and the need for additional funds, as a basis for arriving at the amount of

new appropriations that may be required for each program or item. The Committee on Appropriations of the House of Representatives, consisting of 50 members who have no other committee assignments requiring their attention, performs an excellent service by careful inquiry as to the need for every item of expenditure recommended in the President's budget.

When required, the Appropriations Committees have available to them additional data on performance, priorities, contracts, personnel, projected plans, accrued expenditures, cost, and cash expenditures. If such data are not immediately available in the form desired by the Appropriations Committees, they are quickly prepared by the accounting and statistical personnel of the agency concerned.

The committee report very properly recognizes the need for flexibility in the limitations on annual accrual expenditures as requested for the Department of Defense by the President in his messages to Congress of April 3 and 16, 1958, and by proposing an amendment to section 2 (a) of the bill, has provided that the head of any department or establishment may make percentage transfers between limitations and annual accrual expenditures.

It is my best judgment that the bill should be further amended by limiting the accrual expenditures system of bookkeeping to only such appropriations as are available for obligation for more than 1 full fiscal year. If there is any substantial advantage to be gained from the imposition of annual accrual expenditures limitation it is with respect to large appropriations for procurement and construction which require a number of years to complete and which are therefore made available until the objective has been accomplished. Since the concept of annual accrued expenditures is neither applicable, adaptable, nor desirable with respect to the numerous appropriations, such as appropriations for "Salaries and expenses," I shall therefore propose the following amendments to the bill:

On page 1, line 8, after "account" insert:

which is available for obligation for more than one full fiscal year.

On page 3, line 20 after "years," insert:

against appropriations or funds which are to be available for obligation for more than one full fiscal year.

CARL HAYDEN.



Calendar No. 1899

85TH CONGRESS
2D SESSION

H. R. 8002

[Report No. 1866]

IN THE SENATE OF THE UNITED STATES

MARCH 10, 1958

Read twice and ordered to be placed on the calendar

JUNE 26 (legislative day, JUNE 24), 1958

Referred to the Committee on Appropriations with instructions to report back
not later than fifteen days from the date of reference

JULY 21, 1958

Reported by Mr. BRIDGES, with amendments

[Omit the part struck through and insert the part printed in *italic*]

AN ACT

To provide for improved methods of stating budget estimates and
estimates for deficiency and supplemental appropriations.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 201 of the Budget and Accounting Act, 1921,
4 as amended, is further amended by adding the following
5 new subsections:

6 “(b) Whenever the President determines there has
7 been established a satisfactory system of accrual accounting
8 for an appropriation or fund account, each proposed appro-
9 priation thereafter transmitted to the Congress for such
10 account pursuant to the provisions of this Act shall be

1 accompanied by a proposed limitation on annual accrued
2 expenditures. *The President may include in the Budget with*
3 *any such proposed limitation on annual accrued expendi-*
4 *tures, proposals for provisions authorizing the head of a*
5 *department or establishment to make transfers, within his*
6 *department or establishment, between such limitations on*
7 *annual accrued expenditures; and such provisions may limit*
8 *by amount or by per centum the size of any transfer so*
9 *proposed.*

10 “(c) Whenever an appropriation is subject to a limita-
11 tion on annual accrued expenditures, there shall be charged
12 against the limitation the cost of goods and services and
13 other assets received, advance payments made and progress
14 payments becoming due, and the amount of any other
15 liabilities becoming payable, during the fiscal year concerned.

16 “(d) At the end of the fiscal year concerned, any
17 unused balance of the limitation on annual accrued expendi-
18 tures shall lapse, *except that whenever any liabilities are in-*
19 *curring within the limitation provided for in any fiscal year*
20 *(whether or not recorded or reported in such fiscal year),*
21 *nothing in this section shall be construed to prevent the mak-*
22 *ing of payment therefor in any subsequent fiscal year.*

23 “(e) ~~Any liabilities becoming payable during the fiscal~~
24 ~~year concerned but for which payment is not made during~~

1 that year may be paid, if not otherwise contrary to law, in a
2 subsequent fiscal year or years to the extent they are within
3 the limitation on annual accrued expenditures for the fiscal
4 year concerned.

5 “~~(f)~~ (e) Any obligations incurred during the fiscal year
6 concerned or in prior fiscal years which do not result in
7 liabilities becoming payable during the fiscal year concerned
8 shall be charged against the limitation on annual accrued
9 expenditures for any succeeding fiscal year in which such
10 obligations may result in liabilities becoming payable.

11 “~~(g)~~ (f) Nothing in subsections (b) through ~~(f)~~ (e)
12 of this section shall be construed to change existing law with
13 respect to the method or manner of making appropriations
14 or the incurring of obligations under appropriations.”

15 SEC. 2. (a) It shall be in order to provide in any bill
16 or joint resolution making appropriations, or in any amend-
17 ment thereto, limitations on annual accrued expenditures
18 covering amounts becoming payable as a result of obligations
19 incurred both in the fiscal year concerned and in prior fiscal
20 years, and ~~provisions pertaining to the availability of any~~
21 ~~appropriations or funds previously made available to include~~
22 *in any such bill or joint resolution provisions authorizing the*
23 *head of a department or establishment to make transfers, with-*
24 *in his department or establishment, between such limitations*

1 *on annual accrued expenditures; and such provisions may*
2 *limit by amount or by per centum the size of any transfer so*
3 *provided for.*

4 (b) The provisions of subsection (a) of this section are
5 enacted by the Congress—

6 (1) as an exercise of the rulemaking power of the
7 Senate and the House of Representatives, respectively,
8 and as such they shall be considered as part of the rules
9 of each House, respectively, or of that House to which
10 they specifically apply; and such rules shall supersede
11 other rules only to the extent that they are inconsistent
12 therewith; and

13 (2) with full recognition of the Constitutional right
14 of either House to change such rules (so far as relating
15 to the procedure in such House) at any time, in the
16 same manner and to the same extent as in the case of
17 any other rule of such House.

18 SEC. 3. This Act, and the amendments made thereby
19 shall cease to be in effect April 1, 1962.

Passed the House of Representatives March 6, 1958.

Attest:

RALPH R. ROBERTS,

Clerk.

Calendar No. 1899

85TH CONGRESS
2D SESSION

H. R. 8002

[Report No. 1866]

AN ACT

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JUNE 26 (legislative day, JUNE 24), 1958

Referred to the Committee on Appropriations with instructions to report back not later than fifteen days from the date of reference

JULY 21, 1958

Reported with amendments

July 28, 1958

authorizing delayed payments and variable repayment formulas under the administration of the Secretary of the Interior. This bill will now be sent to the President. p. 13933

Passed as reported S. 3448, to permit the Secretary of the Interior to authorize increases in the 160-acre limitation on the Seedskadee Reclamation Project on the basis of a formula assessing the value of the land in 4 classes. pp. 13932-3

16. RIVER COMPACT. Passed as reported H. R. 6701, to grant the consent of Congress to the Tennessee River Basin Water Pollution Control Compact. p. 13942
17. WATER RESOURCES. Agreed to as reported S. Res. 248, to authorize a continuation of the joint Public Works-Interior and Insular Affairs Committees study on the relationship of the U. S., U. S. S. R., and Communist China water resource development programs. Sen. Watkins inserted his views attached to the Committee report on the bill. pp. 13935-8
18. BUDGETING. At the request of Sen. Talmadge, passed over H. R. 8002, the accrued expenditures budgeting bill. p. 13922
19. HIGHWAYS. At the request of Sen. Hruska, passed over S. 3953, to revise, codify and enact title 23 of the U. S. Code, "Highways," after Sen. Talmadge requested that the language of the Senate bill be substituted in the similar House bill, H. R. 12776. p. 13938
20. MONOPOLIES. The Judiciary Committee reported with amendment S. 11, to amend the Robinson-Patman Act with reference to equality of opportunity (S. Rept. 2010). p. 14011
21. WATER DEVELOPMENT. The Interstate and Foreign Commerce Committee reported without amendment H. R. 13138, to amend the Coordination Act so as to provide more effective integration of fish and wildlife conservation programs with Federal water development programs (S. Rept. 1981). p. 13906
Sen. Wiley urged that wildlife project funds under the Pittman-Robertson Act be distributed on the basis of licenses issued as provided in S. 4043, and inserted letters from the Midwest Fish and Game Commissioners supporting the bill. pp. 13919-21
22. ECONOMIC SITUATION. Sen. Goldwater inserted a tabulation showing the growth of the economy of Ariz. and a news article on the improving state of the economy. pp. 13912-13
23. FOREIGN TRADE. Sen. Neuberger inserted his article urging free trade between the U. S. and Canada. pp. 13916-17
24. LEGISLATIVE PROGRAM. Sen. Johnson announced that following the vote on S. 4100, the industrial uses research bill, the Senate would consider H. R. 8308, to provide for the humane slaughter of livestock. p. 14007

ITEMS IN APPENDIX

25. BUDGETING. Sen. Proxmire inserted two editorials in support of H. R. 8002, the accrued expenditures budgeting bill. pp. A6723-4
26. FORESTRY. Extension of remarks of Sen. Neuberger stating that "the greatest cathedral or temple anywhere on earth is in the magnificent American outdoors," and inserting several articles describing the holding of church services in the national parks. pp. A6724-5

Rep. Libonati urged enactment of his bill, H. R. 12778, which would establish a Youth Camp Recreation Commission. pp. A6762-3

27. ETHICS. Sen. Humphrey inserted Sen. Neuberger's article, "When Influence Is Good--and Bad," suggesting a code of ethics to help subdue and discourage the "harmful and illegitimate" use of influence in Government. pp. A6727-9
28. ELECTRIFICATION. Extension of remarks of Rep. Weaver reviewing Hells Canyon legislation. pp. A6733-4
Rep. Evins inserted 2 articles, "TVA: Model for Democracy in Action Around the World," and "Foreign Visitors to TVA." pp. A6737-9, A6741-2
29. STATEHOOD. Del. Burns inserted an article favoring statehood for Hawaii. p. A6736
30. WATER RESOURCES. Rep. Blatnik inserted an article, "Cleaning Up Our Water," which gives a concise and detailed explanation of the Federal water pollution control program. pp. A6739-41
31. FLAG. Extension of remarks of Rep. Pelly stating that there is a wave of public interest on flag "etiquette" and rules on proper display of the flag under various circumstances and inserting an article on this subject. p. A6749
32. LIBRARY. Extension of remarks of Rep. Metcalf commending the improvement in library services to rural areas and inserting an article on this subject. p. A6766

BILLS INTRODUCED

33. FOOD ADDITIVES. S. 4193, by Sen. Hill (for himself and Sen. Smith, N. J.), to protect the public health by amending the Federal Food, Drug and Cosmetic Act to prohibit the use in food of additives which have not been adequately tested to establish their safety; to Labor and Public Welfare Committee.
34. FLAG. H. R. 13552, by Rep. Celler, providing for the design of the flag of the United States; to Judiciary Committee.
35. SMALL BUSINESS. H. R. 13561 through H. R. 13570, by Rep. Hill (and others) to amend the Renegotiation Act of 1951 to assist small business; to Ways and Means Committee. Remarks of Rep. Hill. pp. 14021-3
36. BUDGETING. H. Res. 646, by Rep. Smith, Va., to make legislative bills subject to points of order if they include contract authorizations or other authority for withdrawing funds from the Treasury, whereas the present rule relates only to "appropriations"; to Rules Committee (July 25).

BILLS APPROVED BY THE PRESIDENT

37. SOIL CONSERVATION. H. R. 1045, to extend for 4 years, until December 31, 1962, the authority of the Secretary to administer the Agricultural Conservation Program pending the approval of State plans by the Secretary for the administration of the program by the States. Approved July 25, 1958 (Public Law 85-553, 85th Congress).
38. FORESTRY. H. R. 11253, to authorize the Secretary to exchange with Redding, Calif., about 12 acres of land and improvements in that city for about 40 acres

taining the views of all the States on the proposed amendatory actions, the Department will be better able to indicate its position on the problems of fund apportionment.

Sincerely yours,

Ross LEFFLER,
Assistant Secretary.

CALL OF THE CALENDAR

The PRESIDING OFFICER. Is there further morning business?

Mr. TALMADGE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there any further morning business? If not, in accordance with the order heretofore entered, the clerk will proceed to call the items on the calendar, beginning with Order No. 1868, H. R. 2647, a bill for the relief of D. S. and Elizabeth Laney.

D. S. AND ELIZABETH LANEY

The bill (H. R. 2647) for the relief of D. S. and Elizabeth Laney was considered, ordered to a third reading, read the third time, and passed.

HUDSON-CHAMPLAIN CELEBRATION COMMISSION

The bill (H. R. 12293) to establish the Hudson-Champlain Celebration Commission, and for other purposes was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 11630) to amend title XV of the Social Security Act to extend the unemployment insurance system to ex-servicemen, and for other purposes, was announced as next in order.

Mr. TALMADGE. Over, Mr. President, as not properly being calendar business.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF TITLE 18 OF THE UNITED STATES CODE

The Senate proceeded to consider the bill (H. R. 6239) to amend sections 1461 and 1462 of title 18 of the United States Code, which had been reported from the Committee on the Judiciary, with an amendment, to strike out all after the enacting clause and insert:

That section 1461 of title 18 of the United States Code is amended by striking out the eighth paragraph and inserting in lieu thereof the following:

"Whoever knowingly deposits for mailing or delivery, or knowingly causes to be delivered by mail to any address, anything declared by this section to be nonmailable, or knowingly causes the same to be delivered

to any place to which it is directed to be delivered by the person to whom addressed, or knowingly takes the same from the mails for the purpose of circulating or disposing thereof, or of aiding in the circulation or disposition thereof, shall be fined not more than \$5,000 or imprisoned not more than 5 years, or both.

"Whoever knowingly deposits for mailing or delivery to any person any obscene, lewd, lascivious, indecent, filthy, or vile article, matter, thing, or substance with knowledge or reason to believe that such person is under 19 years of age, or knowingly causes to be delivered by mail to any address any such article, matter, thing, or substance with knowledge or reason to believe that the addressee is a person under 19 years of age, or knowingly causes the same to be delivered to any place to which it is directed to be delivered by the addressee with knowledge or reason to believe that the person to whom it is directed to be delivered is a person under 19 years of age, or knowingly takes any such article, matter, thing, or substance from the mails for the purpose of circulation or distribution with knowledge or reason to believe that at least one of the persons to whom the same will be circulated or distributed is under 19 years of age, shall be fined not more than \$10,000 or imprisoned not more than 10 years, or both."

The amendment was agreed to.

Mr. KEFAUVER. Mr. President, I desire to speak on H. R. 6239, which was amended and reported favorably by the Committee on the Judiciary.

This bill, as amended, would amend section 1461, title 18, United States Code, so as to allow prosecution for mailing obscene matter not only at the place of deposit in the mails, but also at the place of delivery where the obscenity has its effect on the recipient. Under the present statute as construed by court decision, prosecution may only occur at the point of mailing.

The bill as amended would also amend section 1461 by doubling the penalties if obscene matter is mailed to persons under 19 years of age with knowledge or reason to believe that the recipient is under the age of 19.

Legislation of this nature has the support of thousands of decent people from all sections of our country. Testimony before the Subcommittee To Investigate Juvenile Delinquency, of which I formerly had the honor to be chairman, has indicated that obscene literature most certainly plays a part in the juvenile delinquency problem. This testimony has come from experts in all areas of the juvenile delinquency field and from interested citizens and groups.

Mr. President, I recommend passage of this bill.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended, so as to read: "An act to amend section 1461 of title 18 of the United States Code."

TRAINING SCHOOL FOR THE IMMIGRATION AND NATURALIZATION SERVICE

The Senate proceeded to consider the bill (S. 3653) to provide for the acquisition of sites and the construction of buildings for a training school and other facilities for the Immigration and Naturalization Service, and for other purposes, which had been reported from the Committee on the Judiciary with an amendment on page 1, line 8, after the word "officers", to insert "at a cost not to exceed \$1,000,000", so as to make the bill read:

Be it enacted, etc., That the Administrator of General Services is hereby authorized, pursuant to the act approved May 25, 1926 (44 Stat. 630; 40 U. S. C. 341), as amended, to acquire sites and plan, design, construct, and equip an Immigration and Naturalization training school and adjunct facilities, including living quarters for officers, at a cost not to exceed \$1 million, for use by the Attorney General for administration and enforcement of the Immigration and Nationality Act.

SEC. 2. The Attorney General is hereby authorized to transfer to the General Services Administration from funds appropriated for the enforcement of the immigration laws such amounts as may be necessary for the purposes provided in section 1.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

EXEMPTION OF CERTAIN TEACHERS IN THE CANAL ZONE FROM PROHIBITIONS AGAINST HOLDING DUAL OFFICES AND RECEIPT OF DOUBLE SALARIES

The bill (H. R. 7734) to exempt certain teachers in the Canal Zone public schools from prohibitions against the holding of dual offices and the receipt of double salaries was considered, ordered to a third reading, read the third time, and passed.

ENTITLEMENT TO REENLISTMENT OF CERTAIN FORMER OFFICERS

The bill (H. R. 3513) to amend title 10, United States Code, relating to the entitlement to reenlistment under certain circumstances of certain former officers was considered, ordered to a third reading, read the third time, and passed.

REGISTRAR AT UNITED STATES MILITARY ACADEMY

The Senate proceeded to consider the bill (H. R. 7140) to amend title 10, United States Code, to authorize a registrar at the United States Military Academy, and for other purposes, which had been reported from the Committee on Armed Services, with an amendment, on page 4, after line 17, to insert:

(13) Section 8075 (b) (2) is amended by inserting the word "registrar," after the word "professors."

(14) Section 8204 is amended to read as follows:

"§ 8204. Regular Air Force: commissioned officers on active list

"The authorized strength of the Regular Air Force in commissioned officers on the active list is the sum of—

"(1) the numbers authorized by sections 8205 of this title;

"(2) the number of permanent professors of the United States Air Force Academy authorized by section 9331 of this title and the registrar thereof; and

"(3) the numbers in designated categories specifically authorized by law as additional numbers."

(15) Section 8205 is amended by inserting the words "and the registrar" after the word "professors."

(16) Section 8296 (a) is amended by inserting the words "and the registrar" after the word "professors."

(17) Section 8883 is amended by inserting the words "or the registrar" after the word "professor."

(18) Section 8886 is amended by inserting the words "and the registrar" after the word "professor."

(19) Section 9331 (b) is amended by inserting the following new clause at the end thereof:

"(6) A registrar."

(20) Section 9333 is amended by adding the following new subsection at the end thereof:

"(c) The registrar of the Academy shall be appointed by the President, by and with the advice and consent of the Senate, and shall perform such duties as the Superintendent of the Academy may prescribe with the approval of the Secretary of the Air Force."

(21) Section 9334 (b) is amended by inserting the words "and the registrar" after the word "professors."

(22) Section 9336 is amended—

(A) by inserting the designation "(a)" before the words "A permanent professor of the Academy";

(B) by adding the following new subsections at the end thereof:

"(b) A person appointed as registrar of the Academy has the regular grade of lieutenant colonel, and, after he has served 6 years as registrar, has the regular grade of colonel. However, a person appointed from the Regular Air Force has the regular grade of colonel after the date when he completes 6 years of service as registrar, or after the date when a promotion-list officer, junior to him on the promotion list on which his name was carried before his appointment as registrar, is promoted to the regular grade of colonel, whichever is earlier.

"(c) Unless he is serving in a higher grade, an officer detailed to perform the duties of registrar has, while performing those duties, the temporary grade of lieutenant colonel and, after performing those duties for a period of 6 years, has the temporary grade of colonel"; and

(C) by amending the catchline to read as follows:

"§ 9336. Permanent professors; registrar."

(23) The analysis of chapter 903 is amended by striking out the following item: "9336. Permanent professors;" and inserting the following item in place thereof: "9336. Permanent professors; registrar."

Sec. 2. No increase in pay or allowances accrues by reason of the enactment of this act for services performed before this act takes effect.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended, so as to read: "An act to amend title 10, United States Code, to authorize a registrar at the United States Military Academy and the United States Air Force Academy, and for other purposes."

BILL PASSED OVER

The bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations was announced as next in order.

Mr. TALMADGE. Over, Mr. President. The bill is not properly calendar business.

The PRESIDING OFFICER. The bill will be passed over.

EXCHANGE OF LANDS BETWEEN THE UNITED STATES AND THE NAVAHO TRIBE

The Senate proceeded to consider the bill (S. 3754) to provide for the exchange of lands between the United States and the Navaho tribe, and for other purposes, which had been reported from the Committee on Interior and Insular Affairs, with amendments, on page 5, line 15, after the name "Utah", to insert "outside the exterior boundaries of the Navaho Indian Reservation as the same are described in:

"(1) The act of March 1, 1933 (ch. 160, 47 Stat. 1418);

"(2) Executive Order 324A of May 15, 1905;

"(3) Executive order of May 17, 1884"; in line 23, after the date "January 1, 1963.", to insert "Subject to the provision of section 2 of this act, and subject to valid existing rights, all public lands of the United States within said exterior boundaries of said reservation are hereby declared to be held in trust for the benefit of the Navaho Tribe of Indians. The term 'public lands' as used herein shall be deemed to include but in no way to be limited to lands and the mineral deposits which originally may have been excluded from said reservation by reason of settlement or occupancy or other valid rights then existing, but since relinquished, extinguished, or otherwise terminated"; on page 7, after line 11, to insert:

(g) The Secretary of the Interior shall compensate persons whose grazing permits, licenses or leases covering lands transferred to the Navaho Tribe pursuant to this section are canceled because of such transfer. Such compensation shall be determined in accordance with the standard prescribed by the act of July 9, 1942, as amended (43 U. S. C. 315q). Such compensation shall be paid from appropriations available for the construction of the Glen Canyon unit, Colorado River storage project.

And, on page 11, after line 17, to insert a new section, as follows:

SEC. 3. (a) The State of Utah may convey to the United States title to any State-owned lands within the area described in subsection (b) of this section or subsection (c) of section 1 of this act as base lands for indemnity selections under sections 2275 and 2276 of the Revised Statutes (43 U. S. C., secs. 851, 852). The Secretary of the Interior

shall give priority to indemnity selection applications made pursuant to this subsection by the State of Utah. However, all conveyances made pursuant to this subsection, whether by the United States or by the State of Utah, shall contain a reservation of the minerals to the grantor. Lands conveyed to the United States under this section shall be subject to selection by the Secretary of the Interior and transfer to, the Navaho Tribe in the same manner as, and under the same terms and conditions as, lands described in subsection (c) of section 1 of this act. Notwithstanding a conveyance to the United States of State-owned lands in accordance with the provisions of this subsection, such conveyance shall not prevent the Navaho Tribe from asserting, in any manner that would have been available to the tribe if the conveyance had not been made, a claim of title, if any, to the lands conveyed by the State that the tribe asserts is superior to the title asserted by the State of Utah. If a claim of title so asserted by the Navaho Tribe determined to be superior to the title asserted by the State of Utah, and if the Navaho Tribe has selected such lands as a part of the transfer authorized by section 1 of this act, the Navaho Tribe shall be permitted to select other lands described in subsection (c) of section 1 in lieu thereof.

(b) The lands referred to in subsection (a) of this section and not described in subsection (c) of section 1 of this act are described as follows:

SALT LAKE MERIDIAN

Township 38 south, range 23 east: section 36.

Township 38 south, range 24 east: section 32.

Township 39 south, range 22 east: section 36.

Township 39 south, range 23 east: sections 2, 16, 32, and 36.

Township 39 south, range 24 east: sections 2, 16, and 32.

Township 40 south, range 22 east: section 2.

Township 40 south, range 23 east: sections 2, 16, and 36.

(c) The right of the State of Utah to make indemnity selections under the terms of this section shall expire 5 years after the date of approval of this act.

So as to make the bill read:

Be it enacted, etc., That (a) the Secretary of the Interior shall, in consideration of and as just compensation for the transfer made by section 2 of this act as well as for the use and occupancy of the lands therein described under terms of the right-of-way granted March 22, 1957, by the Secretary pursuant to the act of February 5, 1948 (62 Stat. 17), transfer to the Navaho Tribe so much of the block of public lands (exclusive of the minerals therein, but inclusive of all range improvements constructed thereon) described in subsection (c) of this section, as shall constitute a reasonably compact area equal in acreage to the lands transferred to the United States under section 2, and the lands so transferred shall constitute a part of the Navaho Reservation and shall be held by the United States in trust for the Navaho Tribe and shall be subject to all laws and regulations applicable to that reservation. The owners of range improvements of a permanent nature placed, under the authority of a permit from or agreement with the United States, on lands transferred pursuant to this section shall be compensated for the reasonable value of such improvements, as determined by the Secretary out of appropriations available for the construction of the Glen Canyon unit, Colorado River storage project. To the extent that the Secretary is unable to transfer, from the lands described in subsection (c), lands equal in acreage to the

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued August 1, 1958

For actions of July 31, 1958

85th-2d, No. 130

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House subcommittee ordered reported cotton amendments to farm bill. Senate passed bills to: Provide accrued expenditure budgeting. Regulate withholding of information by agencies. Senator Humphrey criticized GAO ruling on REA loan authority. House committee ordered reported omnibus housing bill.

HOUSE

1. FARM PROGRAM. The "Daily Digest" states that the Subcommittee on Cotton of the Agriculture Committee "met in executive session on provisions relating to cotton in S. 4071, re marketing programs for various agricultural commodities, and ordered reported to the full committee certain amendatory recommendations of the bill." pp. D770-71
2. HOUSING. The Banking and Currency Committee ordered reported with amendment S. 4035, the omnibus housing bill. p. D771
3. ONION FUTURES. Conferees agreed to file a conference report on H. R. 376, to prohibit trading in onion futures and remove onions from regulation under the Commodity Exchange Act. p. D771
4. PERSONNEL. A subcommittee of the Post Office and Civil Service Committee ordered reported with amendment H. R. 9407, to provide additional opportunity for certain employees to obtain career-conditional and career appointments in the competitive service. p. D771

5. **TRANSPORTATION.** The Merchant Marine and Fisheries Committee reported with amendment H. R. 474, to repeal Sec. 217 of the Merchant Marine Act of 1936 relating to the coordination of the forwarding and servicing of water-borne export and import foreign commerce of the U. S. (H. Rept. 2332), and H. R. 8382, to provide for the licensing of independent foreign freight forwarders (H. Rept. 2333) p. 14493
6. **MILITARY CONSTRUCTION.** Conferees were appointed on H. R. 13015, to authorize construction at military installations. Senate conferees have not been appointed. p. 14397
Both Houses
7. **APPROPRIATIONS.** /agreed to the conference report on H. R. 12948, the D. C. appropriation bill for 1959, and insisted on its disagreement to two of the Senate amendments. pp. 14397-98, 14384, 14388-90. Ready for the President.
Conferees were appointed on H. R. 12738, the Defense Department appropriation bill for 1959. Senate conferees have not been appointed. p. 14398
8. **FORESTRY.** Conferees were appointed on S. 3051, to provide for either private or Federal acquisition of that part of the Klamath Indian forest lands which must be sold. Senate conferees have been appointed. p. 14445
9. **ELECTRIFICATION.** The Public Works Committee was granted permission until midnight Fri., Aug. 1, to file a report on S. 1869, to provide TVA with the authority to issue bonds to finance the construction of new generating capacity. pp. 14485, 14490
10. **SMALL BUSINESS.** Rep. Kilburn was relieved as a conferee on S. 3651, to make equity capital and long-term credit more readily available for small-business concerns, and Rep. Betts was appointed in his place. p. 14485
11. **WATERSHEDS.** The Public Works Committee approved work plans for the following watershed projects: Alamo Arroyo and Diablo Arroyo, Tex.; Elm River, N. Dak.; Mud River, Ky.; Trampers Creek, N. Mex.; Dry Devils River, Lowery Draw, and Upper Lake Fork Creek, Tex.; Lower Willow Creek, Mont.; Whitegrass-Waterhole Creek, Okla.; and Little Schuylkill River, Pa. pp. 14445, 14493
12. **COMMITTEE ASSIGNMENTS.** Rep. Coudert resigned as a member of the Appropriations Committee, and Rep. Lipscomb was elected in his place. p. 14490
13. **SURPLUS COMMODITIES.** Both Houses received from this Department the monthly report of the General Sales Manager regarding sales of CCC surplus commodities. pp. 14492, 14342
14. **ATOMIC ENERGY.** Both Houses received the semiannual report of the Atomic Energy Commission. pp. 14492-93, 14342
15. **LEGISLATIVE PROGRAM.** Rep. McCormack announced that the Private Calendar will not be called Tues., Aug. 5. p. 14485

SENATE

16. **BUDGETING.** Passed, 68 to 6, as reported H. R. 8002, the accrued expenditures budgeting bill (pp. 14390-5).
As passed by the Senate, the bill provides as follows: When the President determines that there is a satisfactory accrual-accounting system for an appropriation or fund account, his estimates shall be accompanied by a proposed accrued-expenditures limitation, and he may include proposed authorizations for

the Department concerned to make intra-departmental transfers between such limitations. When an appropriation is subject to such a limitation, there shall be charged against it the cost of assets received, payments made and becoming due, and other liabilities becoming payable. At the end of the fiscal year, any unused balance of the limitation shall lapse, except that payments may be made for liabilities incurred within the limitation during the fiscal year for which the limitation was provided. Obligations incurred during the fiscal year concerned, which do not become payable during that year, shall be paid out of the limitation in effect when the obligations become payable. It shall be in order to include accrued-expenditure limitations in appropriation bills that apply to funds previously appropriated. It shall be in order to include, in any appropriation bill, provisions authorizing departmental transfers of unused portions of accrued-expenditure limitations.

Sen. Hayden submitted an amendment to make effective the requirement for accrued-expenditure estimates only if the item is available for obligation for more than 1 year. After debate, the yeas and nays were ordered on the amendment. Sen. Hayden then withdrew his amendment. pp. 14393-5

Sen. Fulbright stated that the Senate had power to initiate expenditure bills and that the Constitution only requires that direct revenue measures, not appropriations, begin in the House. He defended public debt transactions as a financing method and referred to provisions of capital funds for CCC, Public Law 480 operations, etc., as examples. pp. 14379-80

17. INFORMATION. Passed without amendment H. R. 2767 (in place of S. 921, an identical bill), to amend Sec. 161 of the Revised Statutes to state that this section does not authorize the withholding of information or limiting the availability of records to the public. This bill will now be sent to the President. pp. 14356-67
18. WATER DEVELOPMENT. Passed without amendment H. R. 13138, to amend the Coordination Act so as to provide more effective integration of fish and wildlife conservation programs with Federal water development programs. This bill will now be sent to the President. pp. 14381-2
19. PERSONNEL. Passed with amendment H. R. 4640, to amend the Civil Service Retirement Act to permit persons transferring to non-Act positions to retain voluntary contribution accounts. Agreed to a committee amendment to clarify the provisions permitting withdrawal of contributions at any time prior to the receipt of annuity payments. pp. 14367-71
20. FORESTRY. The Interior and Insular Affairs Committee reported without amendment the following bills:
 - S. 3682, to authorize the Secretary to convey certain national forest lands in Ariz. to the Univ. of Ariz. (S. Rept. 2070);
 - H. R. 6038, to authorize transfers of land between the Sequoia National Forest and the Kings Canyon National Park, Calif. (S. Rept. 2079); and
 - H. R. 6198, to authorize the transfer of not more than 10 acres of land from the Sequoia National Park to the Sequoia National Game Refuge in Sequoia National Forest, Calif. (S. Rept. 2080). p. 14343The Interior and Insular Affairs Committee ordered reported without amendment S. 4053, to extend the boundaries of the Siskiyou National Forest, Ore. p. D769
21. BUTTER; MARGARINE. The Armed Services Committee ordered reported without amendment H. R. 912, to provide for the serving of oleomargarine or margarine in the Navy. p. D768

22. REA. Sen. Humphrey inserted the ruling of the Comptroller General of July 21, 1958, on the REA loan to Central Iowa Power Cooperative, which GAO claimed was not authorized by law on the basis that part of the service to be offered paralleled and competed with private industry. He criticized the ruling and asserted that it could have a highly detrimental effect on the REA loan program. Sen. Aiken spoke in favor of the REA program. pp. 14384-8
23. PERSONNEL. Received from the Interior Department a proposed bill "to permit variation of the 40-hour workweek of Federal employees for educational purposes"; to Post Office and Civil Service Committee. p. 14342
24. PUBLIC DEBT. Sen. Martin, Pa., inserted two editorials criticizing the size of the Federal debt, one urging reductions in expenditures to balance the budget and the other criticizing the failure to achieve budget surpluses in recent years of prosperity. pp. 14383-4
25. LEGISLATIVE PROGRAM. Sen. Johnson announced that following consideration of S. 4208, the space agency bill (which was the pending business), the Senate would take up S. 3185, to promote the conservation of fish and wildlife by requiring the Secretary of the Interior to approve certain Federal Power Act licenses. pp. 14395-6

ITEMS IN APPENDIX

26. FARM PROGRAM. Sen. Robertson inserted a newspaper editorial, "Return to a Sound Principle," which commended the farm bill as passed by the Senate, and stated that "the bill represents an important step toward helping farmers adjust their production to market demands instead of depending upon Government subsidies." pp. A6854-55
27. GOVERNMENT ETHICS. Sen. Neuberger inserted two articles discussing the need for establishing a code of ethics for Government service. p. A6855
28. ELECTRIFICATION. Rep. Evins inserted a statement by Rep. Baker on the reasons why the latter thought TVA should have a self-financing program. pp. A6857-58
Extension of remarks of Rep. Broomfield urging the defeat of S. 1869, to provide TVA with the authority to issue bonds to finance the construction of new generating capacity. p. A6878
29. SMALL BUSINESS. Rep. Springer inserted a newspaper editorial urging enactment of legislation to provide tax relief for small business. p. A6858
30. FORESTRY. Sen. Neuberger inserted an editorial from the American Forest magazine, "Sustained Yield Versus Continuous Growth," urging that S. 3051, the Klamath Indian land bill, include provisions for the future management of the forest lands involved on a sustained yield basis. p. A6861
31. TRANSPORTATION. Extension of remarks of Rep. Moore commending the House for passage of S. 3778, the omnibus transportation bill. p. A6862
32. CONSERVATION. Rep. Metcalf praised the work of Dr. Joseph W. Severy, who is retiring from his position as professor of botany at the Montana State University, and stated "he ranged far into the related field of wildlife and resource management to make a solid contribution to conservation throughout the Nation." pp. A6878-79

LOAN AUTHORIZATIONS

(Out of the general revenues of the Federal Treasury)

Item	Authoriza- tions, 1953	Budget esti- mates, 1959	House bill 1959	Senate bill 1959	Conference action
Loans to District of Columbia for capital outlay (highway fund).....	\$6,481,100	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000
Loans to District of Columbia for capital outlay (water fund).....	1,600,000	3,100,000	3,100,000		
Loans to District of Columbia for capital outlay (sanitary sewage works fund).....	1,550,000				
Total, loan authorizations.....	9,631,100	8,600,000	8,600,000	5,500,000	5,500,000

APPROPRIATIONS

(Out of the revenues of the District of Columbia)

Item	Appropriations, 1958	Budget estimates, 1959	House bill 1959	Senate bill 1959	Conference action
OPERATING EXPENSES					
Executive Office.....	\$370,930	\$422,000	\$382,000	\$435,000	\$399,500
Department of General Administration.....	4,540,000	4,740,500	4,700,000	4,725,000	4,720,000
Office of Corporation Counsel.....	584,000	693,000	650,000	660,060	660,060
Regulatory agencies.....	1,207,500	1,410,000	1,400,000	1,400,000	1,400,000
Department of Occupations and Professions.....	294,800	299,000	299,000	299,000	299,000
Public schools.....	37,246,050	40,255,000	39,758,000	39,965,900	39,948,000
Public library.....	1,950,000	2,153,000	2,140,000	2,140,000	2,140,000
Recreation Department.....	2,161,000	2,258,000	2,250,000	2,250,000	2,250,000
Metropolitan Police.....	18,342,000	18,500,000	18,460,000	18,460,000	18,460,000
Fire Department.....	9,000,000	9,187,000	9,187,000	9,187,000	9,187,000
Department of Veterans Affairs.....	104,000	97,000	97,000	97,000	97,000
Office of Civil Defense.....	86,000	200,000	80,000	80,000	80,000
Department of Vocational Rehabilitation.....	208,500	260,000	215,000	224,800	224,800
Courts.....	4,607,600	4,987,000	4,953,000	4,953,000	4,953,000
Department of Public Health.....	28,229,300	31,376,000	30,505,000	30,877,954	30,730,000
Department of Corrections.....	5,275,000	5,537,000	5,437,000	5,437,000	5,437,000
Department of Public Welfare.....	13,136,000	15,263,000	15,000,000	15,140,000	15,140,000
Department of Buildings and Grounds.....	2,010,000	2,161,000	2,135,000	2,135,000	2,135,000
Office of Surveyor.....	180,000	180,000	180,000	180,000	180,000
Department of Licenses and Inspections.....	1,862,000	2,061,000	2,000,000	2,022,000	2,017,000
Department of Highways.....	7,050,000	7,582,000	7,484,000	7,907,000	7,907,000
Department of Vehicles and Traffic.....	1,438,000	1,495,000	1,465,000	1,042,000	1,042,000
Motor Vehicle Parking Agency.....	519,000	427,000	310,000	310,000	310,000
Department of Sanitary Engineering.....	12,210,000	13,856,000	13,590,000	13,590,000	13,590,000
Washington Aqueduct.....	2,322,000	2,382,000	2,322,000	2,322,000	2,322,000
National Guard.....	155,300	155,000	155,000	155,000	155,000
National Capital Parks.....	2,750,000	2,865,000	2,850,000	2,850,000	2,850,000
National Zoological Park.....	833,000	898,000	898,000	898,000	898,000
Personal services, wage-scale employees.....	1,162,500				
Total, operating expenses.....	159,834,480	171,709,500	168,902,000	169,742,714	169,531,360
CAPITAL OUTLAY					
District debt service.....	572,000	793,000	793,000	793,000	793,000
Public building construction.....	13,154,000	19,689,000	15,704,000	17,799,000	15,832,000
Department of Highways.....	15,301,000	11,512,000	11,457,600	11,457,600	11,457,600
Department of Sanitary Engineering.....	9,400,000	8,359,000	6,369,500	6,369,500	6,369,500
Washington Aqueduct.....	190,000	3,100,000	50,000	50,000	50,000
Total, capital outlay.....	38,617,000	43,453,000	34,374,100	36,469,100	34,602,100
Grand total.....	198,451,480	215,153,500	203,276,100	206,211,814	204,033,460

¹ In addition, \$171,195 was appropriated for judgments, claims, and private relief acts.

Mr. PASTORE. Mr. President, I move the adoption of the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. BIBLE. Mr. President, will the Senator from Rhode Island yield to me?

Mr. PASTORE. I yield.

Mr. BIBLE. First, I wish to congratulate the distinguished Senator from Rhode Island upon the conclusion of an exceedingly difficult negotiation with the other body on the appropriations to finance the District of Columbia for the coming year.

The Senate conferees were faced with skillful and determined negotiators who had the backing of the House of Representatives.

In my opinion, the Senate conferees, under the able and devoted leadership of the Senator from Rhode Island [Mr. PASTORE], have acquitted themselves well in bringing to the Senate the conference report in which the Senate recedes on

only 4 points, whereas the House of Representatives gives ground on 12. For this, alone, the Senator from Rhode Island richly deserves a full round of applause.

There is one matter which undoubtedly will receive some editorial and news article comment, namely, the amount of the Federal payment to the District of Columbia.

As the Senator from Rhode Island has stated, the conferees reported themselves in disagreement on this item. The \$20 million on which the House of Representatives insists contrasts with the \$21,500,000 the Senate committee had requested and the Senate had voted.

But, as the Senator from Rhode Island has so ably pointed out, the budget we are adopting, by means of our agreement to the conference report, is based squarely on the estimates submitted last January, and does not take into consideration the effect of pay raise legislation already enacted, with expensive retroactive provisions—for instance, the classified pay bill, the teachers' pay bill,

and the policemen and firemen's pay bill, to mention only a few. Neither does it take into account the proposed legislation now pending in the legislative committee providing for an increase of the annuities for policemen, firemen, and teachers.

Under these circumstances, it seems to me that we have every reason to believe that the District of Columbia Commissioners will—and must, as a matter of fact—come before the Congress, in the early days of the next session, and seek an additional \$12 million Federal payment, in order to meet these charges against the general fund.

I may say that I received the definite impression, from the meeting of the conferees on yesterday, that the Members on the other side of the Capitol would be sympathetic to coming to grips with this particular problem, in view of the fact that a heavy deficit will face the District of Columbia government in January or February, and would meet the problem fairly and squarely at that time.

Again I wish to commend the distinguished Senator from Rhode Island for his very able leadership in connection with this matter.

Mr. PASTORE. First, Mr. President, I thank the Senator from Nevada.

Let me say that it is my firm conviction that the Congress will have to come to grips with this matter, which involves the District of Columbia government.

As the Senator from Nevada has pointed out, by legislative fiat—and without any encouragement, I dare say, from the District of Columbia Commissioners—the Congress has already made certain adjustments in the salaries of District of Columbia policemen, firemen, and teachers, all laudable and long overdue and necessary; but that action was taken by the Congress; and, as a result of that action alone, an increase of approximately \$24 million or \$25 million a year is required.

So it strikes me that the time has come when the Congress will have to recognize its responsibility and meet it head on.

I hope that, come January, all of us will be conscious of our responsibility, and will meet it conscientiously, and with adeptness and dexterity.

Mr. BIBLE. I share the sentiments which have been expressed by the Senator from Rhode Island. I know that under his leadership we shall be able to meet this responsibility squarely, and will leave some ray of hope regarding the possibility of securing the entire \$32 million Federal payment.

I am convinced that it is justified, and that we should face up to our responsibility in that connection; and I believe that the Federal Government will make that type of contribution.

Mr. BEALL. Mr. President, will the Senator from Rhode Island yield to me?

Mr. PASTORE. I yield.

Mr. BEALL. Mr. President, I wish to associate myself with the remarks of the distinguished chairman of the Subcommittee on District of Columbia Appropriations [Mr. PASTORE].

I also endorse most sincerely the remarks of the Senator from Nevada [Mr. BIBLE] in commending and praising the distinguished Senator from Rhode Island [Mr. PASTORE] for the hard work he has performed in connection with the conference report.

I, too, anticipate that, come January, an additional Federal payment will be requested of the Congress, for the General Fund of the District of Columbia, in order to take care of the funds needed for the increases in pay and annuities.

I assure the Senator from Rhode Island that, the voters of the State of Maryland willing, I will support his efforts to obtain for the District of Columbia the additional funds needed.

Mr. President, as the chairman has said, I am looking forward to obtaining the additional funds for the District.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 12948, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES
OF THE UNITED STATES,

July 31, 1958.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 13, 16, 19, 21, 22, and 29 to the bill (H. R. 12948) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1959, and for other purposes", and concur therein;

That the House recede from its disagreement to the amendment of the Senate numbered 31, and concur therein with an amendment, as follows:

In lieu of the matter proposed by said amendment insert: "Provided, That hereafter leases for rentals shall not be on terms and periods in excess of 5 years."

That the House insist on its disagreement to the amendment of the Senate numbered 1.

Mr. PASTORE. Mr. President, I move that the Senate recede from its amendment No. 1.

The motion was agreed to.

Mr. PASTORE. Mr. President, I move that the Senate agree to the amendment of the House to the amendment of the Senate numbered 31.

The motion was agreed to.

Mr. MANSFIELD. Mr. President, has action on the conference report been concluded?

Mr. PASTORE. Mr. President, what is the status of the report?

The PRESIDING OFFICER. The report has been agreed to.

Mr. PASTORE. I believe that answers the question of the Senator from Montana.

IMPROVED METHODS OF STATING
BUDGET ESTIMATES

Mr. MANSFIELD. Mr. President, I move that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 1899, House bill 8002, to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, which had been reported from the Committee on Appropriations, with amendments, on page 2, line 2, after the word "expenditures", to insert "The President may include in the budget with any such proposed limitation on annual accrued expenditures, proposals for provisions authorizing the head of a department or establishment to make transfers, within his department or establishment, between such limitations on annual accrued expenditures; and such provisions may limit by amount or by percent the size of any transfer so proposed."; in line 18, after the word "lapse", to insert a comma and "except that whenever any liabilities are incurred within the limitation provided for in any fiscal year (whether or not recorded or reported in such fiscal year), nothing in

this section shall be construed to prevent the making of payment therefor in any subsequent fiscal year."; after line 22, to strike out:

(c) Any liabilities becoming payable during the fiscal year concerned but for which payment is not made during that year may be paid, if not otherwise contrary to law, in a subsequent fiscal year or years to the extent they are within the limitation on annual accrued expenditures for the fiscal year concerned.

On page 3, at the beginning of line 5, to strike out "(f)" and insert "(e)"; at the beginning of line 11, to strike out "(g)" and insert "(f)", in the same line, after the word "through", to strike out "(f)" and insert "(e)"; and in line 20, after the word "and", to strike out "provisions pertaining to the availability of any appropriations or funds previously made available" and insert "to include in any such bill or joint resolution provisions authorizing the head of a department or establishment to make transfers, within his department or establishment, between such limitations on annual accrued expenditures; and such provisions may limit by amount or by percent the size of any transfer so provided for."

Mr. BUSH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BUSH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRIDGES. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BRIDGES. Is H. R. 8002 the bill under consideration?

The PRESIDING OFFICER. The Chair is informed by the Parliamentarian that it is the pending measure.

Mr. BRIDGES. Mr. President, I wish to say a few words in favor of the passage of H. R. 8002. This bill is the culmination of many hours of deliberation, both by persons within and without the Congress. In brief, it provides that the executive budget and congressional appropriations shall be in terms of estimated annual accrued expenditures, namely, charges for goods and services to be received. This idea, although not entirely a new concept, was one of the most vigorously supported recommendations of the Hoover report.

The suggested implementation of the idea was found in the companion bills, H. R. 8002 and S. 434. As a member of the Hoover Commission, I was most happy to join with a great number of my colleagues in the sponsorship of S. 434 and, as Senators know, it and its companion measure readily passed their respective Houses.

The two bills, although essentially the same in ultimate purpose, had some important differences. The Senate version carried in it the principle of contract authority which the House version

did not, and the House version provided the inclusion in appropriations bills of amendments, rescissions, or transfers of appropriations previously made without such provisions being subject to a point of order. This would have necessitated considerable changes in long standing Senate rules.

Mr. President, H. R. 8002 as presently before us for consideration although bearing the House designation is a compromise between the original House and Senate bills. The contract authority provision of the Senate bill has been eliminated and also eliminated were the provisions of the House bill which would have had the far-reaching effect on the Senate rules.

Although I would have preferred personally to have seen contract authority retained, because I have long been an advocate of it and a believer in it, I nevertheless am in vigorous support of the bill in its present form, because it will allow an opportunity to observe and evaluate in actual practice the concept of the budgetary process being based on accrued annual expenditure.

This bill is not without its critics. There are those who object to it in principle, and there are others who feel that as a practical matter it adds nothing to what might be carried out at present. To those in the first category I must say I heartily disagree. To those in the second category I can say that this bill has the virtue of requiring a practice which at present is merely optional for those responsible for the preparation of the budget. This may not be a perfect bill, but I for one believe that it is as perfect as we can make it without the practical experience of seeing it operate in practice. Any imperfections which show up in the shakedown of actual trial would be easy of amendment.

In summation, Mr. President, this is in no way a partisan measure, as is shown by the whole history of this proposed legislation. I can only earnestly hope that a clear majority of the Members of this body present and voting will endorse what I consider to be a long step forward in better control of the fiscal function of the Government of the United States, which is one of the primary responsibilities of the legislative branch.

Mr. HUMPHREY. Mr. President, the bill before the Senate, H. R. 8002, to which the distinguished Senator from New Hampshire has directed his attention, and on which a report has been filed on behalf of the Committee on Appropriations, was studied very carefully, as the senior Senator from New Hampshire [Mr. BRIDGES] told us, both in the present Congress and in the preceding Congress, by the Committee on Government Operations through its Subcommittee on Reorganization.

In the 84th Congress, the distinguished Senator from Massachusetts [Mr. KENNEDY] was chairman of that subcommittee and was the main author of the bill, along with the Senator from Maine [Mr. PAYNE], and the Senator from Virginia [Mr. BYRD]. I was also a cosponsor.

In the present Congress the Senator from Massachusetts [Mr. KENNEDY] was

the author of a similar bill. We took initial action. As the senior Senator from New Hampshire [Mr. BRIDGES] pointed out, the House took a different tack and came forth with another bill, which is now before us.

The purpose of the House bill, however, is to fulfill the objectives of the Hoover Commission report. In the light of the interpretation which has been made by the Committee on Appropriations of the language of H. R. 8002, I believe the bill will fulfill those objectives. At least, the bill will do so if the law is properly administered.

I desire to make a very brief statement about the bill, Mr. President, and I understand the Senator from Massachusetts also desires to indicate his interest in this measure and his interpretation of the proposed legislation.

The Hoover Commission recommended that the executive budget be placed on an annual accrued expenditure basis, and that appropriations be made on that basis.

As chairman of the Subcommittee on Reorganization of the Committee on Government Operations in the 85th Congress, I conducted the hearings on the bill designed to do this. I guess it is no secret that we certainly had quite a good deal of negotiation, discussion, and at times argument among the respective departments of Government, until they were able to come to some semblance of agreement.

As the senior Senator from New Hampshire [Mr. BRIDGES] knows, there has been considerable worry about the bill on the part of the Department of Defense. I feel that the language of the bill as it is now before the Senate should in no way really cause the Department of Defense any great difficulty.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. BRIDGES. I think that is correct. This is not the bill which the Senator from Minnesota, the Senator from New Hampshire, or others would prefer, if we had drafted the bill ourselves. I favor the Senate bill.

Mr. HUMPHREY. Yes.

Mr. BRIDGES. However, the pending House bill represents a common meeting of minds, which is essential at times, and will bring no particular hardship to the Department of Defense. The bill will make it mandatory upon Congress to review expenditures each year. I think the bill represents a very great step forward, even though it does not contain all we might desire.

Mr. HUMPHREY. Indeed. I think those of us who are not on the Appropriations Committee certainly recognize that the members of that committee have a tremendous responsibility when it comes to following through on the appropriations; not only those to be made, but those which have been made, when there are carryover balances. Many times we have heard an argument made on the Senate floor, particularly about the ICA and the foreign aid funds, concerning tremendous balances and enormous carryovers. We sometimes have difficulty in obtaining accurate information.

The bill under consideration, H. R. 8002, would make it mandatory that the departments, through the Bureau of the Budget, keep the Appropriations Committee thoroughly abreast of the rate of expenditures, and would also place limitations upon expenditures, to be announced in advance. I think the bill would really equip the committees of Congress to do a more creditable and more accurate job.

H. R. 8002 makes no change in the determination of budget estimates or appropriation requests. They would continue to be submitted to the Congress on the present obligation basis.

H. R. 8002 provides, in section b, that whenever the President determines that a satisfactory accrual accounting system has been established for an appropriation account, the appropriation transmitted to the Congress for that account shall be accompanied by a limitation on expenditures which may be made from that account.

This gives the control about which the Senator from New Hampshire has been speaking, and this is what we tried to provide in the Kennedy bill which passed the Senate last year.

In other words, an appropriation estimate for \$500,000 would be accompanied by a limitation that no more than \$400,000 could be expended during the fiscal year for which the appropriation is requested.

The bill provides in section c that when an appropriation is subject to an expenditure limitation, the costs of goods, services, and other items becoming payable during the fiscal year concerned shall be charged against the appropriation limitation. It follows that if only items becoming payable during the current fiscal year are charged against the appropriation limitation for that fiscal year that expenditures would be made on an annual accrued basis.

The bill provides, in section d, that at the end of the fiscal year concerned, any unused balance of the expenditure limitation shall lapse. This, however, does not mean that the unused balance of the appropriation would be rescinded, but that it would be carried forward into the subsequent appropriation made for the following fiscal year. In other words, this would amount to the carrying over of an unexpended appropriation balance into the next fiscal year, as presently occurs.

In summation, H. R. 8002, as passed by the House, is a complete substitute for S. 434—KENNEDY, et al.—which passed the Senate June 5, 1957. S. 434 provided for the stating of appropriation estimates on an annual accrued expenditure basis, for the elimination of unexpended carryover balances and for the granting of contract authority for long lead-time programs.

H. R. 8002 provides for an expenditure limitation on an appropriation account, as explained above. The Bureau of the Budget maintains that this limitation would accomplish the Hoover Commission's main objective of better fiscal control by requiring an annual congressional review of appropriations which were granted in prior years.

However, H. R. 8002 does not provide for the complete elimination of carry-over balances of appropriations which accumulate from fiscal year to fiscal year. These balances are now estimated to total some \$70 billion over which the Congress has little or no control.

While some authorities maintain that an appropriation limitation would provide for better congressional control of expenditures, many, including the Comptroller General, believe that reduction or elimination of carryover balances is imperative if the Government is to operate upon a realistic fiscal basis. This, as pointed out above, H. R. 8002 does not provide.

I believe this bill is workable. I do not believe it will do all we had hoped would be accomplished, but it certainly merits at least an honest effort to make it work. It may very well be that it should be limited in its original application so that we do not try to bite off too much. I believe the Senator from Arizona [Mr. HAYDEN] has an amendment directed toward such a limitation.

Mr. SALTONSTALL. Mr. President, I am glad to join in supporting House bill 8002 in its present form. In the Appropriations Committee we worked very hard on the bill as it came from the House.

Like other Senators, I would prefer the so-called contract authority to the accrued expenditure system. However, we know that the House will not accept the contract authority method. Therefore, the accrued expenditure system is the best we can get, and it will be helpful.

The Appropriations Committee of the Senate amended the bill so that it would not interfere with the present rules of the Senate, requiring a two-thirds vote on what amounts to rescissions, reappropriations, and transfers of appropriations. So if such amendments were made, a two-thirds vote would first be required.

Flexibility is provided in the bill, because the Secretary of Defense, the Department of Defense, and the President desire a certain amount of flexibility. Under the terms of the bill as reported from the committee, the President can offer a certain amount of flexibility. So that aspect of the matter is also covered.

I hope the bill may be accepted in its present form. If it is, I am hopeful that it will also be approved by the House.

I commend the Committee on Government Operations for what it did in stimulating interest in the original bill, which went to the House. I know that our colleague, the distinguished Senator from Maine [Mr. PAYNE], worked very hard on the bill, as did my colleague from Massachusetts [Mr. KENNEDY]. They are to be commended for stimulating action on the bill. Their bill would be more acceptable to me than the bill now pending, but this bill has been passed by the House. I am hopeful that the amendments we are recommending will be accepted by the House, and that we can give the proposed system of accrued expenditures and limitation on expenditures a trial.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. SMITH of New Jersey. Can the Senator tell me, briefly, how the bill as reported differs from the original recommendation of the Hoover Commission?

Mr. SALTONSTALL. The bill which was reported by the Senate Committee on Government Operations provided a limitation, as I understand, on contract authority. In other words, the appropriation would be passed in the amount necessary for the current year, and would provide contract authority for future years in cases of no year limitations. In other words, if we were building an aircraft carrier, which would require 5 years to build, we would authorize the building of the aircraft carrier, but provide only as much money as could be used in the current fiscal year. Then the Department would come back the next year, and so forth, until the ship was completed.

The House prefers to have the entire amount in the original appropriation. Under this bill, the full amount would be appropriated for the aircraft carrier in the current fiscal year, but the expenditures would be limited to the amount which could be spent during the current fiscal year. There would be a similar limitation the following year, and so forth.

That, as I understand, is the difference between the two bills. I see the chairman of the committee nodding his head; also the senior minority member.

Under this method, there would be an annual review of the expenditures, so that the Congress and the Committees on Appropriations would have an opportunity to observe, each year, how the ship was being built, and whether there had been any wasteful expenditures. That is the purpose of the proposed limitation of expenditures.

Mr. SMITH of New Jersey. That purpose is in the spirit of the recommendation of the Hoover Commission.

Mr. SALTONSTALL. It is in the spirit of the original recommendation of the Hoover Commission. The important question is whether this method is practical in the case of a great number of accounts in the Department of Defense. However, we believe that we have provided sufficient flexibility in the method of accounting so that the situation can be taken care of.

Mr. SMITH of New Jersey. In other words, this bill "covers the waterfront"?

Mr. SALTONSTALL. It "covers the waterfront" for the next 5 years.

While the distinguished chairman of the committee, the Senator from Arizona [Mr. HAYDEN], worked with us on the bill, he felt that it should be limited to the Department of Defense, as the Department most involved, to see how the system would work. He is present, and can discuss that question himself.

Mr. COTTON. Mr. President, I join other Senators in expressing my appreciation to the Senator from New Hampshire [Mr. BRIDGES], the Senator from Massachusetts [Mr. SALTONSTALL], and other members of the Appropriations Committee, for bringing this bill before us.

I was a member of the Committee on Government Operations in the 84th Con-

gress, where I served with the junior Senator from Massachusetts [Mr. KENNEDY], the Senator from Minnesota [Mr. HUMPHREY] and other Senators. We fought hard for this recommendation of the Hoover Commission at that time. Both the senior Senator from New Hampshire and the senior Senator from Massachusetts were for a long time sponsors of the measure and worked equally hard. We were confronted, in both sessions of the 84th Congress, with the completely immovable opposition of the other body, and we did not succeed in obtaining final enactment of the proposed statute in the form I thought desirable.

I feel that the Senators I have named are rendering a very fine and far-reaching service in connection with the bill, saving as much of the principles and recommendations of the Hoover Commission as could possibly be saved under the circumstances. They are to be highly commended for their efforts.

Mr. HAYDEN. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

I think the briefest way to explain the nature of the amendment is to read the last few paragraphs of my individual views on the bill as contained in the committee report:

It is my best judgment that the bill should be further amended by limiting the accrual expenditures system of bookkeeping to only such appropriations as are available for obligation for more than 1 full fiscal year. If there is any substantial advantage to be gained from the imposition of annual accrual expenditures limitation it is with respect to large appropriations for procurement and construction which require a number of years to complete and which are therefore made available until the objective has been accomplished. Since the concept of annual accrued expenditures is neither applicable, adaptable, nor desirable with respect to the numerous appropriations, such as appropriations for "Salaries and expenses."

It seems to me that if we make an appropriation which expires at the end of a fiscal year, there is no possible advantage to be derived from the accrued expenditures system.

Mr. BRIDGES. Mr. President, may we have the amendment stated, so that we may know what it encompasses?

The PRESIDING OFFICER. The Parliamentary informs the Chair that the committee amendments must first be considered. Is there objection to the consideration, en bloc, of the committee amendments? The Chair hears none.

Mr. DIRKSEN. Mr. President, has the question been put on the committee amendments?

The PRESIDING OFFICER. The Chair is endeavoring to do so now.

Mr. DIRKSEN. I shall ask for recognition for only a minute.

Mr. HAYDEN. Mr. President, is my amendment before the Senate?

The PRESIDING OFFICER. The committee amendments are before the Senate, and they must be disposed of first. The question is on agreeing, en bloc, to the committee amendments.

Mr. DIRKSEN. Mr. President, I wish to join the distinguished junior Senator

from New Hampshire [Mr. COTTON] in paying testimony not only to the senior Senator from New Hampshire [Mr. BRIDGES], but also to the distinguished chairman of the Committee on Appropriations [Mr. HAYDEN] for the diligent way in which this matter has been pursued.

When the House had worked its will and adopted what has been referred to as the Wigglesworth amendment, it was clear that it would require some changes in Senate rules. To obtain changes in Senate rules is never an easy thing to accomplish. Ofttimes it is indeed a tortuous undertaking. Therefore, for all the world, for a time it looked as though a stalemate had been reached and that nothing would be accomplished with respect to the pending measure.

Therefore, I salute the chairman of the Committee on Appropriations and the Senator from New Hampshire for giving this matter their very real attention and bringing it to the floor of the Senate.

I believe there is a very healthy aspect about this. I must commend the persons all over the country who have taken an interest in it. I was literally surprised by the number of delegations of unselfish people who came to Washington at their own expense, particularly businessmen, to assert their own interest in the matter and to utter the hope that the proposal might be adopted.

They did not stop with 1 visit or with 2 visits. They kept coming constantly. Therefore, in considerable part what will be accomplished today can only be said to be the fruit of that widespread interest throughout the country.

I do not believe the bill will accomplish all they anticipated it would. Normally, that is the case. The sights are set very high. Some have expressed the hope that the economies might run into several billions of dollars. I am not quite so sanguine about the amount of money to be saved. However, the bill is a step in the right direction. Our bookkeeping has been on the inefficient side, notwithstanding the recitals contained in the Budget and Accounting Act of 1921. In it there are set forth in detail all the data and the statistical information which must be submitted to the Congress by the President and the Bureau of the Budget in connection with appropriations. Therefore, every year we get a wagon load of pages with the requested appropriations. Sometimes it all becomes rather confusing and bewildering.

I must say that, in my judgment, no man has the physical vitality to quite get "over the waterfront," as my distinguished friend from New Jersey likes to refer to it, and undertake to study all the data which are submitted.

I have always nurtured the hope that we would some day have some simplification of appropriation procedures, because, at best, the task of appropriating money from the Treasury and at the same time meeting all the limitations and imposing all the needed safeguards, allotting the money to the agencies, and then making it just as hard as possible for the agencies to spend the money be-

comes a confusing undertaking, to say the least.

Therefore, putting the procedure on an accrual basis, with the provision that the funds will not lapse at the end of the year, and providing proper safeguards, so that the indebtednesses and obligations which have been incurred in a given year may be properly charged to the proper appropriation, while at the same time giving assurances to those who deal with the Government that their bills will be paid, and that they will not encounter some mysterious limitation of some kind, is all to the good. There is, of course, the preservation of the transfer authority.

This, then, becomes an amendment of the Budget and Accounting Act, by providing that whenever the President determines that a satisfactory and adequate system has been established for an agency of the Government, the appropriations which are asked of Congress for such agency shall contain necessary limitations to put them on an annual accrual basis. As I have said, the transfer authority is also preserved. Therefore, there will be no undue restrictions of any kind.

Within that framework I am confident every agency of the Government will be able to comply; we should be the beneficiaries of some economies, and will have a better system than we have at the present time.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SMITH of New Jersey. I should like to ask the Senator a question. I assume he is aware that one person who has maintained a constant interest in this matter, who has been working on it ever since the Hoover Commission was established, and who has done an outstanding job in connection with it, is a gentleman who comes from Chicago. I refer, of course, to Mr. John Stewart.

Mr. DIRKSEN. The distinguished Senator from New Jersey gives me abundant opportunity now to pay testimony to Mr. John Stewart, of Quaker Oats. I doubt whether a week has gone by in the last 6 months when he has not sent me a letter or directed a delegation to Washington for no other purpose than to expedite, if he could, action on the bill which is now before the Senate. The motives of these persons have been entirely unselfish. They are interested only in good, sound governmental bookkeeping procedures. Therefore I salute them for their unselfish and abiding interest.

Mr. SMITH of New Jersey. I thank the Senator. I am glad to identify myself with those who are giving praise to both Senators from New Hampshire and to both Senators from Massachusetts. The junior Senator from Massachusetts carried the ball when the matter was first brought up. I am glad to identify myself with those who are giving praise to these Senators.

Mr. KENNEDY. Mr. President, a bill similar to the pending bill was passed by the Senate 2 years ago. It died at the end of the session. It was passed again last year. That was due in substantial

part to the devoted efforts, among others, of the Senator from Maine [Mr. PAYNE], who gave this matter first priority in his efforts before the subcommittee of which I was chairman; the Senator from Virginia [Mr. BYRD], who has been extremely interested in the problem of large carryovers of unobligated balances; both Senators from New Hampshire—Senator COTTON, who was a member of the subcommittee, and Senator BRIDGES, who was the sponsor of the bill, and, as a member of the Committee on Appropriations, helped gain for it Senate acceptance; Senator HUMPHREY, who was chairman of the subcommittee which considered the bill—as well as my senior colleague from Massachusetts [Mr. SALTONSTALL].

Therefore, we have before us today the result of those efforts, as well as those of former President Hoover, who made this item the first one on his list of important activities of the Hoover Commission. It is due also to the devoted efforts of Mr. John Stewart, who was the head of the task force; as well as of Mr. Clarence Francis, of the group which had been attempting to carry through the recommendations of the second Hoover Commission.

It seems to me that, while the bill is not so satisfactory as perhaps it once was, nevertheless the change of substituting obligational authority for contract authority is not a basic one, and I do not believe will affect adversely the advantages which the bill will carry with it. I am hopeful the House will accept the bill in the form in which it passes the Senate.

I believe if the bill is finally enacted, instead of \$143 billion in unexpended balances hanging over us, as is the case today, which can be spent either this year or next year, depending really on the determination which the Executive makes, the Appropriations Committees of Congress and Congress itself will be able to determine with much more precision how much shall be expended each year, which is in accordance with our constitutional responsibility.

Today a 1959 budget of \$73 billion is hanging over us. That does not mean \$73 billion is available. It means that \$143 billion in appropriations is available.

Under the bill, all the numerous, unobligated appropriations which have disturbed Congress for many years, in a whole variety of fields, will be ended. I think we will be better able to meet our constitutional responsibilities.

I support the action of the Senator from Arizona [Mr. HAYDEN] and the Senator from New Hampshire [Mr. BRIDGES] to push the bill through to action in the last days of Congress. I hope Congress will act on the bill.

The PRESIDING OFFICER. Is there objection to the consideration of the committee amendments en bloc? The Chair hears none, and the committee amendments are agreed to en bloc.

The amendment offered by the Senator from Arizona will be stated.

The LEGISLATIVE CLERK. On page 1, line 8, after "account" it is proposed to in-

sert: "which is available for obligation for more than one full fiscal year."

On page 3, line 20 after "years," to insert "against appropriations or funds which are to be available for obligation for more than one full fiscal year."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona.

Mr. BRIDGES. Mr. President, I do not see what can be gained by accepting the amendment of the Senator from Arizona. On the surface, it is an innocuous amendment, but in practice we should look at the whole picture of appropriations, rather than simply as segregated segments. I think we should consider closely the whole picture of the making of appropriations.

I should like to ask the Senator from Arizona what can be gained by his amendment.

Mr. HAYDEN. It is a perfect waste of time, in my opinion, to ask the Bureau of the Budget to prepare estimates of accrued expenditures on a budget estimate which will lapse on June 30. We will waste our time on it, if there is to be no substantial carryover.

For instance, we appropriate for 1 year for the fixed salaries and expenses of the various departments. Where does the accrued expenditure principle come in. If the money appropriated is not obligated by June 30, it lapses. Only a very small percentage of the total appropriation would be unexpended at the close of the year.

Mr. BRIDGES. Does the Senator contend that if the bill is not amended as he proposes, it will cause the Bureau of the Budget to go into all the current expenditures? Will that not be a past issue, except as it refers to future expenditures?

Mr. HAYDEN. Practically, that would be the result. I was simply trying to state the matter so that it will be crystal clear that if money is appropriated for salaries and expenses for 1 year, and the money is not obligated by June 30, the unobligated funds will lapse. Why do any more about them?

Mr. KENNEDY. As to the accrued expenditures for 1 year, if any part of the cash expenditures for the year, and, perhaps, any additional expenditures which could be called accrued, they then could be considered next year by the Appropriations Committee. It seems to me the amendment provides for that. The Appropriations Committee receives requests for appropriations throughout the year. If there are carryovers, and the Appropriations Committee cuts them off, it will cause a large amount of bookkeeping. The practice is very much abused.

Mr. SALTONSTALL. Mr. President, do I understand correctly that the amendment of the Senator from Arizona would limit the procedures to the Department of Defense?

Mr. KENNEDY. No; the amendment is not limited to that department.

Mr. HAYDEN. No; the amendment would apply to appropriations which are available for more than 1 fiscal year. If appropriations are made for a single fis-

cal year, and they expire, what is the use of bothering further with them?

Mr. SALTONSTALL. I thought the Senator's amendment was the same as as one he offered in the Committee on Appropriations.

Mr. HAYDEN. Oh, no.

Mr. SALTONSTALL. As I see it, then, the Senator's amendment provides that on 1-year accounts, the proposed law shall not apply.

Mr. HAYDEN. Yes.

Mr. SALTONSTALL. On no-year accounts, whether they be in the Department of the Interior, the Department of Defense, for mutual security, or for public works, it would apply.

Mr. HAYDEN. It would apply to all of them.

Mr. SALTONSTALL. I thank the Senator for clarifying that point.

Mr. BRIDGES. As I understand the method of making appropriations, it is necessary to obligate the money which is appropriated for a given fiscal year—let us say fiscal year 1959—before June 30, 1959. But the money does not have to be spent within that time.

Therefore, all the obligated funds, even though the expenditures may trail over the next 2 years, have a very definite influence on whether new money is or is not appropriated.

To my mind, that is a very important factor. The fact that the money is obligated and the department may continue the expenditure for the next 2 years after the end of the fiscal year for which the money was appropriated, may play a very important part in determining whether new money is to be appropriated.

I know the distinguished Senator from Arizona is very sincere in what he is proposing, but I think he is providing a loophole and inviting trouble. I think we would be much better off not to adopt the Senator's amendment.

Mr. HAYDEN. I can only say that I see no logical reason for an accrued expenditure limitation on an annual appropriation.

Mr. WILLIAMS. Mr. President, if the amendment were adopted, would it be possible for the agencies, in the last day or two prior to the end of the fiscal year, to obligate all their funds for expenditure during the next year or two?

Mr. BRIDGES. They would have up until June 30 to obligate, and then have 2 years more in which to spend the money which was obligated. Thus, while they could not obligate any more money under the amendment, yet, if it were adopted, certainly Congress would lose any semblance of control over the expenditures of the next 2 years.

Mr. COTTON. Mr. President, it has been several years since I served on the House Committee on Appropriations, but is it not true that in some instances what appear to be obligations are not irrevocable obligations? At least, is not that true in practice? The departments can deobligate and hold the money, and then it is used for similar purposes, but in a somewhat altered manner.

Would not the adoption of the amendment prevent the Committee on Appropriations from scrutinizing the 1-year

appropriations, so as to make certain that the obligations were actually bona fide obligations, meaning obligations to spend in the field and in the manner for which they were intended?

Mr. BRIDGES. I think my distinguished colleague from New Hampshire has highlighted a very important point. Certainly, I think the answer is yes. I know the Senator from Arizona has given this matter great thought. But I also think he is opening a door which I believe should be kept completely closed. It should not be left even partially ajar. For that reason, I think his amendment should be rejected.

The PRESIDING OFFICER (Mr. MORTON in the chair). The question is on agreeing to the amendment of the Senator from Arizona [Mr. HAYDEN].

Mr. BRIDGES. On this question, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were not ordered.

Mr. BRIDGES. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BRIDGES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRIDGES. Mr. President, on the question of agreeing to the amendment of the Senator from Arizona, I renew my request for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. BRIDGES. Mr. President, I now ask for the yeas and nays on the question of the final passage of the bill.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. BUSH. Mr. President, I have been very much interested in the bill; and I wish to thank the majority leader for having brought the bill to the attention of the Senate this afternoon.

Some question was raised, earlier in the week, about when the Senate would consider the bill. The majority leader gave us the assurance we wished, and I am grateful to him for having done so.

Mr. President, I have had considerable correspondence about the bill with various members of the Hoover Commission. Only this week, I received a telegram from Clarence Francis, chairman of the citizens committee for the Hoover Report. I ask unanimous consent that the telegram be printed at this point in the Record, in connection with my remarks.

There being no objection, the telegram was ordered to be printed in the Record, as follows:

WASHINGTON, D. C., July 28, 1958.

Hon. PRESCOTT BUSH,
United States Senate,
Washington, D. C.:

As Senate sponsor S. 434 you have long shown interest in vitally needed modernization of Federal budgeting. Now on Senate calendar is H. R. 8002 approved by Senate

Appropriations Committee majority and purged of any conflict with Senate rules. This bill as well as S. 434 does job visualized by bipartisan Hoover Commission in providing annual review of appropriations and curbing costly carryovers. Repeated attempts are now being made to depict H. R. 8002 as new and different bill. Arguments raised against S. 434 and answered in hearings months and even years ago are again being raised as though never heard before. Delay is one weapon left to opponents of modern budgeting. Despite fact their arguments were fully heard on House floor and rejected 311 to 87 on March 6, 1957, they still hope to postpone action until end of session and have openly predicted that bill will "die on vine" in Senate. I now respectfully urge you to exert all possible leadership to obtain Senate approval of H. R. 8002 without further amendment, committee referral, or delay. Time is short. Thousands of citizens will be grateful to you if you help to finalize an important governmental improvement and avert a tragic miscarriage of the legislative process. Will appreciate reply.

CLARENCE FRANCIS,
Chairman, Citizens Committee for
the Hoover Report.

Mr. BUSH. Mr. President, I certainly join the distinguished senior Senator from New Hampshire [Mr. BRIDGES] in hoping that the pending amendment will be rejected, and that then the bill will be passed.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona [Mr. HAYDEN].

On this question the yeas and nays have been ordered; and the clerk will call the roll.

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HAYDEN. Mr. President, I ask unanimous consent that I may withdraw my amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. HAYDEN. Then, Mr. President, I now withdraw my amendment.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question now is, Shall the bill pass?

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. RUSSELL (when his name was called). On this vote I have a pair with the junior Senator from Ohio [Mr. LAUSCHEL]. If he were present and vot-

ing, he would vote "yea"; if I were permitted to vote, I would vote "nay." I therefore withhold my vote.

Mr. MANSFIELD. I announce that the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from Missouri [Mr. HENNING], the Senator from Florida [Mr. HOLLAND], the Senator from Ohio [Mr. LAUSCHEL], the Senator from Oregon [Mr. MORSE], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

The Senator from Oklahoma [Mr. MONRONEY] is absent by leave of the Senate attending the 49th Congress of the Interparliamentary Union at Rio de Janeiro, Brazil.

On this vote, the Senator from Florida [Mr. HOLLAND] is paired with the Senator from Alabama [Mr. SPARKMAN]. If present and voting, the Senator from Florida would vote "yea" and the Senator from Alabama would vote "nay."

I further announce that if present and voting, the Senator from Tennessee [Mr. GORE], the Senator from Missouri [Mr. HENNING], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Oregon [Mr. MORSE], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from South Dakota [Mr. CASE] and the Senator from West Virginia [Mr. HOBLITZELL] are absent because of official business having been appointed by the Vice President to attend the 49th Congress of the Interparliamentary Union in Rio de Janeiro.

The Senator from New York [Mr. JAVITS], the Senator from California [Mr. KNOWLAND], the Senator from Maine [Mr. PAYNE], and the Senator from Utah [Mr. WATKINS] are necessarily absent.

The Senator from South Dakota [Mr. MUNDT] and the Senator from Minnesota [Mr. THYE] are absent on official business.

The Senator from Connecticut [Mr. PURTELL] is absent by leave of the Senate because of death in his family.

The Senator from Ohio [Mr. BRICKER], the Senator from Maryland [Mr. BUTLER], and the Senator from Arizona [Mr. GOLDWATER] are detained on official business.

If present and voting, the Senator from Ohio [Mr. BRICKER], the Senator from Maryland [Mr. BUTLER], the Senator from Arizona [Mr. GOLDWATER], the Senator from West Virginia [Mr. HOBLITZELL], the Senator from New York [Mr. JAVITS], the Senator from California [Mr. KNOWLAND], the Senator from South Dakota [Mr. MUNDT], the Senator from Maine [Mr. PAYNE], the Senator from Minnesota [Mr. THYE], and the Senator from Utah [Mr. WATKINS] would each vote "yea."

The result was announced—yeas 68, nays 6, as follows:

YEAS—68

Aiken	Bible	Carroll
Allott	Bridges	Case, N. J.
Anderson	Bush	Chavez
Barrett	Byrd	Church
Beall	Capehart	Clark
Bennett	Carlson	Cooper

Cotton	Johnson, Tex.	Potter
Curtis	Jordan	Proxmire
Dirksen	Kefauver	Revercomb
Douglas	Kennedy	Robertson
Dworshak	Kuchel	Saltonstall
Eastland	Long	Schoepfel
Ervin	Magnuson	Smathers
Flanders	Malone	Smith, Maine
Frear	Mansfield	Smith, N. J.
Fulbright	Martin, Iowa	Symington
Green	Martin, Pa.	Talmadge
Hickenlooper	McClellan	Thurmond
Hruska	McNamara	Wiley
Humphrey	Morton	Williams
Ives	Murray	Warbrough
Jackson	Neuberger	Young
Jenner	Pastore	

NAYS—6

Ellender	Johnston, S. C.	Langer
Hill	Kerr	Stennis

NOT VOTING—22

Brieker	Holland	Payne
Butler	Javits	Purtell
Case, S. Dak.	Knowland	Russell
Goldwater	Lausche	Sparkman
Gore	Monroney	Thye
Hayden	Morse	Watkins
Hennings	Mundt	
Hoblitzell	O'Mahoney	

So the bill (H. R. 8002), as amended, was passed.

RETIREMENT BENEFITS FOR FORMER PRESIDENTS

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 607) to provide retirement, clerical assistants, and free mailing privileges to former Presidents of the United States, and for other purposes, which were, on page 1, line 3, after "That" insert "(a)"; on page 1, strike out line 7 over through and including line 22 on page 2; on page 2, line 23, strike out "(e)" and insert "(b)"; on page 3, line 3, strike out all after "Treasury" down through and including "Congress" in line 4; on page 3, line 5, strike out "(f)" and insert "(c)"; on page 3, after line 9, insert:

(d) The act of February 28, 1929 (45 Stat. 2338), is hereby repealed.

And to amend the title so as to read: "An act to provide retirement benefits to former Presidents of the United States and their widows."

Mr. JOHNSTON of South Carolina. Mr. President, I move that the Senate disagree to the amendments of the House, agree to the conference asked by the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. JOHNSTON of South Carolina, Mr. MONRONEY, Mr. NEUBERGER, Mr. CARLSON, and Mr. MORTON conferees on the part of the Senate.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, the space agency construction authorization bill, S. 4208, is the pending business. I am not prepared to discuss the bill today. I should like to inform the Senate that we also plan tomorrow to consider Calendar No. 2086, S. 3185, to promote the conservation of migratory fish and game by requiring certain approval by the Secretary of the Inte-

rior of licenses issued under the Federal Permit Act; and Calendar No. 1669, S. 3493, to amend the District of Columbia Unemployment Compensation Act of 1935, as amended. Calendar No. 1971, S. 3953, to revise, codify, and enact into law title 23 of the United States Code, entitled "Highways," will be considered on Monday.

I should like to remind all Senators that we expect to have memorial services for the late Senator Scott and the late Senator Neely after the morning hour on Monday. I should like all Senators to know that following the memorial services we expect to have a call of the calendar.

We have many bills in conference, and, of course, conference reports are privileged and will receive the highest priority.

We are now working on the supplemental appropriation bill. We expect to mark up the mutual security appropriation bill on Tuesday next. If the bill is marked up, the report printed, and the hearings available, it can be taken up, under the rule, 3 days later.

I have no other plans which I can announce at this time for the Senate, but as soon as the committee clears additional bills I will bring them to the attention of the Senate.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield to the Senator from Delaware.

Mr. WILLIAMS. When is the majority leader planning to bring up for consideration H. R. 8381, the bill to amend the Internal Revenue Code of 1954 to correct unintended benefits and hardships and to make technical amendments?

Mr. JOHNSON of Texas. There are three tax bills which will probably come before the Senate before we adjourn. The question of the order in which those bills will be taken up and the time at which they will be considered has not yet been determined by the scheduling committee.

I may say I had a conference with the Senator from California just before he left, and we have those matters under consideration. A specific time has not been mutually agreed upon.

Mr. WILLIAMS. I was not trying to set the schedule, but I recognize there is not too much proposed legislation of importance to be considered in the next few days, and I thought perhaps we might consider some of the tax bills. The bill to which I refer is a rather lengthy bill.

Mr. JOHNSON of Texas. I appreciate the Senator's suggestion.

Mr. DIRKSEN. Mr. President, will the majority leader yield?

Mr. JOHNSON of Texas. I yield.

Mr. DIRKSEN. Do I correctly understand that S. 4208, the Space Agency bill, is the pending business?

Mr. JOHNSON of Texas. The Senator is correct, but we do not plan to discuss that bill today.

Mr. DIRKSEN. It is the pending business; and it is the authorization bill?

Mr. JOHNSON of Texas. The Senator is correct.

Mr. DIRKSEN. The bill authorizing new funds for the Space Agency?

Mr. JOHNSON of Texas. It is the construction and equipment authorization bill for the funds being asked for in the supplemental appropriation bill. It is very important we get it to the President by the time the appropriation bill is finished.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield to my friend from North Dakota.

Mr. LANGER. Will there be a night session tonight?

Mr. JOHNSON of Texas. No.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, July 31, 1958, he presented to the President of the United States the following enrolled bills.

S. 488. An act for the relief of Eva S. Winder;

S. 616. An act for the relief of Blanca G. Hidalgo;

S. 1879. An act for the relief of Casey Jimenez;

S. 1987. An act for the relief of Richard K. Lim and Margaret K. Lim;

S. 2511. An act for the relief of Maria Garcia Allaga;

S. 2691. An act for the relief of Hiroko Ozaki;

S. 2860. An act for the relief of Miss Susana Magalona;

S. 2933. An act to extend the life of the Alaska International Rail and Highway Commission and to increase its authorization;

S. 3007. An act for the relief of Katina Leckas and Argery Leckas;

S. 3053. An act to authorize the Secretary of the Army to convey certain real property at Demopolis lock and dam project, Ala., to the heirs of the former owner;

S. 3060. An act for the relief of Romulo A. Manriquez;

S. 3129. An act for the relief of Natividade Agrela Dos Santos;

S. 3136. An act for the relief of Fouad (Fred) Kassiss;

S. 3186. An act to extend for 1 year certain programs established under the Domestic Tungsten, Asbestos, Fluorspar, and Columbium-Tantalum Production and Purchase Act of 1956;

S. 3557. An act to amend the International Claims Settlement Act of 1949, as amended (64 Stat. 12); and

S. 4165. An act to amend the Atomic Energy Act of 1954, as amended.

ADJOURNMENT

Mr. JOHNSON of Texas. Mr. President, I move that the Senate adjourn.

The motion was agreed to; and (at 3 o'clock and 30 minutes p. m.) the Senate adjourned until tomorrow, Friday, August 1, 1958, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 31, 1958:

IN THE NAVY

The following-named officers of the staff corps of the Navy, as indicated, for temporary promotion to the grade of rear admiral, subject to qualification therefor as provided by law:

MEDICAL CORPS

Allan S. Chrisman
Calvin B. Galloway
Frank P. Kreuz, Jr.

SUPPLY CORPS

Edward F. Metzger
Howard F. Kuehl
Joseph M. Lyle

CIVIL ENGINEER CORPS

Eugene J. Peltier
Henry G. Clark

DENTAL CORPS

Curtiss W. Schantz

CONFIRMATIONS

Executive nominations confirmed by the Senate July 31, 1958:

INTERSTATE COMMERCE COMMISSION

Robert W. Minor, of Ohio, to be Interstate Commerce Commissioner for a term of 7 years expiring December 31, 1965.

COMPTROLLER OF CUSTOMS

Russell E. Atkinson, of New Jersey, to be Comptroller of Customs at Philadelphia, Pa.

COLLECTOR OF CUSTOMS

Emile A. Pepin, of Rhode Island, to be collector of customs for customs collection district No. 5, with headquarters at Providence, R. I.

COAST AND GEODETIC SURVEY

The following-named persons for permanent appointment to the grade of ensign in the Coast and Geodetic Survey, subject to qualifications provided by law:

Will Consell
Robert P. Michaud

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued August 5, 1958

For actions of August 4, 1958

85th-2d, No. 132

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House debated farm bill. Final vote on bill postponed until Wed., Aug. 6. House committee reported food stamp plan bill. Rep. Taber objected to agreeing to Senate amendments to accrued expenditures budgeting bill. House received veto message on independent offices appropriation bill. House committee reported omnibus housing bill. Sen. Proxmire criticized cost of present farm program.

HOUSE

1. FARM PROGRAM. Debated under suspension of the rules S. 4071, the farm bill. At the request of Rep. McCormack further consideration of the bill was postponed until Wed., Aug. 6, after Rep. Martin asked for a rollcall on the bill. (pp. 14698-713) The bill had been reported with amendment earlier (Aug. 2) by the Agriculture Committee (H. Rept. 2356). (p. 14768)
2. FOOD STAMP PLAN; FARM LABOR. The Agriculture Committee reported (Aug. 2) with amendment H. R. 13067, to provide for the establishment of a food-stamp plan for the distribution of \$1 billion worth of surplus food commodities a year to needy persons and families in the U. S. (H. Rept. 2358), and H. R. 10360, to continue for 2 years the authority for the Attorney General to permit the importation of aliens for agricultural employment (H. Rept. 2357). p. 14768
3. BUDGETING. Rep. Taber objected to a unanimous consent request of Rep. Fascell to concur in the Senate amendments to H. R. 8002, the accrued expenditures budgeting bill. p. 14675

4. APPROPRIATIONS. Received the President's veto message on H. R. 11574, the independent offices appropriation bill for 1959 (H. Doc. 429). The message was referred to the Appropriations Committee. p. 14675
5. HOUSING. The Banking and Currency Committee reported with amendment S. 4035, the omnibus housing bill (H. Rept. 2359). p. 14768
6. CONTRACTS. The Ways and Means Committee was granted permission until midnight, Aug 5, to file a report on H. R. 11749, to extend the Renegotiation Act of 1951 for 2 years. p. 14674
7. PERSONNEL. Concurred in the Senate amendment to H. R. 4640, to amend the Civil Service Retirement Act to permit persons transferring to non-Act positions to retain voluntary contribution accounts. This bill will now be sent to the President. p. 14675
8. MINERAL CLAIMS. Passed with amendment S. 3199, to specify the period for doing annual assessment work on unpatented mineral claims and suspending such work for the year ending July 1, 1958. p. 14682
The Interior and Insular Affairs Committee ordered reported with amendment S. 2039, to clarify the requirements with respect to the performance of labor imposed as a condition for the holding of mining claims on Federal lands pending the issuance of patents therefor. p. D789
9. WHEAT IMPORTS. Passed without amendment H. R. 11581, to increase the import duty on wheat for seeding purposes which has been treated with poisonous substances and is unfit for human consumption. p. 14687
10. FORESTRY. Passed with amendment H. R. 12494, to authorize the Secretary in selling certain lands in N. C. to permit the State to sell or exchange such lands for private purposes. p. 14687
Passed without amendment S. 479, to grant a 50-year right-of-way for a water pipeline across the Lincoln National Forest. This bill will now be sent to the President. pp. 14687-88
Passed without amendment S. 1245, to provide a right-of-way to the city of Alamogordo, N. Mex., across the Lincoln National Forest. This bill will now be sent to the President. p. 14688
Passed without amendment S. 3439, to reconvey to Salt Lake City the Forest Service Fire Warehouse lot in that city. This bill will now be sent to the President. pp. 14688-89
Passed without amendment H. R. 8481, to extend the forestry provisions of the Agricultural Act of 1956 to Hawaii. p. 14689
Passed without amendment S. 3248 to authorize the Secretary to exchange lands comprising the Pleasant Grove Administrative Site, Unita National Forest, Utah, with a Pleasant Grove church. p. 14689
Passed as reported S. 1748, to add certain lands in Ida. and Wyo. to the Caribou and Targhee National Forests. p. 14692
The Interior and Insular Affairs Committee ordered reported without amendment H. 12242, to authorize the sale or exchange of certain Forest Service lands in Pima County, Ariz. p. D789
11. RECLAMATION. Passed with amendment S. 4002, to authorize the Gray Dam and Reservoir as a part of the Glendo Unit of the Missouri River Basin project. pp. 14685-86
The Interior and Insular Affairs Committee reported without amendment H. Con. Res. 301, to approve the report of the Dept. of Interior on Red Willow Dam and Reservoir, Nebr. (H. Rept. 2425). pp. 14768-69

PROVIDING FOR IMPROVED METHODS OF STATING BUDGET ESTIMATES AND ESTIMATES FOR DEFICIENCY AND SUPPLEMENTAL APPROPRIATIONS

Mr. FASCELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8002) to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations, with amendments of the Senate thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 2, after "expenditures," insert "The President may include in the budget with any such proposed limitation on annual accrued expenditures, proposals for provisions authorizing the head of a department or establishment to make transfers, within his department or establishment, between such limitations on annual accrued expenditures; and such provisions may limit by amount or by per centum the size of any transfer so proposed."

Page 2, line 11, after "lapse", insert "except that whenever any liabilities are incurred within the limitation provided for in any fiscal year (whether or not recorded or reported in such fiscal year), nothing in this section shall be construed to prevent the making of payment therefor in any subsequent fiscal year."

Page 2, strike out lines 12 to 17, inclusive.

Page 2, line 18, strike out "(f)" and insert "(e)."

Page 3, line 1, strike out "(g)" and insert "(f)."

Page 3, line 1, strike out "(f)" and insert "(e)."

Page 3, lines 10 and 11, strike out "provisions pertaining to the availability of any appropriations or funds previously made available" and insert "to include in any such bill or joint resolution provisions authorizing the head of a department or establishment to make transfers, within his department or establishment, between such limitations on annual accrued expenditures; and such provisions may limit by amount or by per centum the size of any transfer so provided for."

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. TABER. Mr. Speaker, I regard this as one of the most dangerous bills that has ever been proposed to the Congress, and I feel obliged to object and I do object.

The SPEAKER. Objection is heard.

INDEPENDENT OFFICES APPROPRIATION BILL—VETO MESSAGE FROM THE PRESIDENT (H. DOC. NO. 429)

The SPEAKER laid before the House the following veto message from the President of the United States, which was read by the Clerk:

To the House of Representatives:

I return herewith, without my approval, H. R. 11574, making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1959, and for other purposes.

This is a major appropriation measure, providing funds for operation of many important agencies, and I withhold my approval most reluctantly. I do so, however, because of my strong conviction that Congress should reconsider its action appropriating over half a billion dollars not presently needed in the civil service retirement and disability fund.

There is no sound justification whatever for adding unnecessarily over half a billion dollars to a deficit which may reach \$12 billion this fiscal year.

If this appropriation had been required to meet a current obligation of the Government, I would have requested it. However, \$8 billion is now on hand in the fund. Receipts of the fund will exceed outgo during the current year and for years to come. As provided by the civil service retirement law, the departments and agencies of the Government this year will make direct payments of \$645 million to the fund. This amount, matched by employee contributions, plus interest collected on the fund's balance, will provide total receipts of over \$1.5 billion to the fund in 1959. On the other hand, payments of claims and refunds this year will total less than \$800 million.

It is true that this favorable balance in the fund will not continue indefinitely. However, while there may be compelling reasons for full funding of private pension plans to insure employees that they will receive earned benefits even though the employer goes out of business, no such eventuality faces the employees of the Federal Government. The Retirement Act promises to make certain payments under specified conditions, and regardless of the size of the balance in the retirement fund at any particular time, these benefits will be paid because the promise to do so is backed by the Government. To assume otherwise is to call into question the full faith and credit of the United States Government.

DWIGHT D. EISENHOWER

THE WHITE HOUSE, August 4, 1958.

The SPEAKER. The objection of the President will be spread at large upon the Journal.

Mr. THOMAS. Mr. Speaker, I move that the message and the bill be referred to the Committee on Appropriations and ordered printed.

The motion was agreed to.

AMENDING CIVIL SERVICE RETIREMENT ACT

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4640) to amend the Civil Service Retirement Act with respect to payments from voluntary contributions accounts, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 1, line 6, strike out all after "provided" down to and including "of" in line 9, and insert "application for payment is filed with the Commission prior to receipt of any."

Mr. MARTIN. Mr. Speaker, reserving the right to object, will the gentleman explain the amendment?

Mr. MURRAY. The Senate amendment is merely a clarifying amendment. It in no way affects the substance of the bill.

Mr. MARTIN. It does not change the bill in the slightest?

Mr. MURRAY. Not at all.

Mr. MARTIN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

THE CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the calendar.

INTERNATIONAL COUNCIL OF SCIENTIFIC UNIONS

The Clerk called the resolution (S. J. Res. 85) to amend the act of Congress approved August 7, 1935 (Public Law 253), concerning United States contributions to the International Council of Scientific Unions and certain associated unions.

There being no objection the Clerk read the resolution as follows:

Resolved, etc., That Public Law 253, 74th Congress, is hereby amended by striking out the figure "\$9,000" in the section dealing with the International Council of Scientific Unions and inserting in lieu thereof the figure "\$65,000."

(Mr. O'HARA of Illinois asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. O'HARA of Illinois. Mr. Speaker, this is identical to House Joint Resolution 399, which I introduced at the request of Dr. Saunders MacLane, of the University of Chicago, who is the chairman of the United States National Committee for Mathematics for the International Mathematical Union. When Senate Joint Resolution 85 came before the Committee on Foreign Affairs, having already been adopted by the other body, it was my suggestion that it be substituted for House Joint Resolution 399 and reported out that there might be no delay in the enactment of vitally important legislation. Never have we purchased so much for so little money as what is contemplated in this resolution.

The purpose of this resolution is to increase the authorization ceiling for United States contributions to 13 small and highly specialized scientific organizations to which the United States belongs. The organizations are International Union of Pure and Applied Physics, International Astronomical Union, International Union of Pure and Applied Chemistry, International Union of Geodesy and Geophysics, International Geographical Union, International Union of Biological Sciences, Interna-

tional Union of Crystallography, International Union of Theoretical and Applied Mechanics, International Mathematical Union, International Union of Physiological Sciences, International Union of Biochemistry, International Scientific Radio Union, International Union of the History of Science.

There are also 42 member nations in the Council itself, including all the countries of Western Europe, the U. S. S. R., Czechoslovakia, and Poland.

The functions of the International Council of Scientific Unions and its unions include the following: First, arranging for regularly scheduled international conferences and symposiums; second, distributing useful abstracts of foreign scientific and technical journals through the ICSU Abstracting Board; third, serving as a clearinghouse for scientific information, regularly published reports of proceedings of meetings, special reports of particular investigations, and monthly information bulletins; fourth, maintaining permanent services such as the International Time Bureau, the International Service for the Study of Floods, and the International Service of Geomagnetic Indices.

The budgets of the 13 scientific organizations that carry on such a tremendously important work are small and they are concerned strictly with the scientific problems. The money is used exclusively to pay our dues as members of these organizations. The organizations, in turn, use the funds to pay their administrative expenses. None of the funds provided in this authorization is used to pay the expenses of sending representatives of the United States to meetings or to finance research.

The current authorization, which has been in effect since 1935, sets a ceiling of \$9,000 per year on our contribution. This is too low and the resolution authorizes an increase to \$55,000 per year. Actually the United States contribution has been larger than the \$9,000 authorized for the last several years. The difference between what was authorized and the United States assessment for dues has been made up by contributions from private sources through the National Academy of Sciences-National Research Council. The amount has become so large, however, that this organization no longer can stand the burden.

In calendar year 1956 the actual assessment against the United States was \$14,509.60; in calendar year 1957 the amount was \$26,000; and in calendar year 1958 it will be \$33,000. The United States assessment for ICSU at the present rate is 18 percent of its budget. At the previous rate it was 11.5 percent. This percentage is lower than our percentage contribution to the United Nations and to most of its specialized agencies.

The fiscal year 1959 assessments against the United States, which of course could not be met except for the authority of Senate Joint Resolution 85, follow:

International Council of Scientific Unions	\$7,800
International Astronomical Union	2,939
International Union of Geodesy and Geophysics	8,400

International Scientific Radio Union	\$4,000
International Union of Pure and Applied Chemistry	1,930
International Geographical Union	1,500
International Union of Pure and Applied Physics	1,680
International Union of Biological Sciences	2,300
International Union of Crystallography	840
International Mathematical Union	522
International Biochemistry Union	200
International History and Philosophy of Science Union	400
International Applied Mechanics Union	250
International Physiology Union	225
	32,986

An authorization ceiling of \$65,000 per year is provided in the joint resolution to allow for anticipated increases in assessments to be made in future years. According to present estimates, the assessment for calendar year 1960 will be \$40,000 and by calendar year 1965 the amount will be \$65,000. In the judgment of the Committee on Foreign Affairs annual review of this authorization is unnecessary since this item will continue to be carefully examined each year by the Committee on Appropriations.

It is essential that the United States be able to pay its dues as a member of these international organizations. It would make a very bad impression for us to be in default. Any organization that is to operate effectively must have the right to determine the contributions to be assessed against its members to finance its operation. If each member is permitted to say "we will determine each year unilaterally how much we are willing to contribute," no organization could function. The amount involved is very small and the benefit we will derive from this expenditure far exceeds the amount of money involved. It is most important that we maintain our membership in good standing in these scientific organizations. I urge that the resolution be passed.

The resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL FOREST PAYMENTS

The Clerk called the bill (H. R. 12702) to amend the provisions of law codified as section 500, title 16, United States Code.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. MILLS, Mr. GATHINGS, Mr. TRIMBLE, and Mrs. GREEN of Oregon objected.

MORE FLEXIBILITY IN APPOINTMENT OF CADETS

The Clerk called the bill (H. R. 13226) to amend title 10, United States Code, to provide more flexibility in making additional appointments to bring the number of cadets at the United States Military Academy and the United States Air Force Academy up to full strength.

Mr. BROOKS of Louisiana. Mr. Speaker, we have applied for a rule on this bill. For this reason I ask unani-

mous consent that the bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

LONGEVITY CREDIT FOR CANAL ZONE SERVICE

The Clerk called the bill (H. R. 13404) to amend section 404 (c) (1) of the Postal Field Service Compensation Act of 1955 to grant longevity credit for service performed in the Panama Canal Zone postal service.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 404 (c) (1) of the Postal Field Service Compensation Act of 1955, as amended (69 Stat. 123, 72 Stat. 151; 39 U. S. C. 984 (c) (1)), is amended—

(1) by striking out the word "and" immediately following the semicolon at the end of subparagraph (D) thereof;

(2) by striking out the period at the end of subparagraph (E) thereof and inserting in lieu of such period a semicolon and the word "and"; and

(3) by adding at the end of such section 404 (c) (1) the following new subparagraph: "(F) all time on the rolls in the Panama Canal Zone postal service."

SEC. 2. No payment of longevity compensation shall be made, by reason of the amendments made by the first section of this act, for any period prior to the first day of the first pay period which begins after the date of enactment of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SURVEY OF COOSAWHATCHIE AND BROAD RIVERS, S. C.

The Clerk called the bill (S. 3833) to provide for a survey of the Coosawhatchie and Broad Rivers in South Carolina, upstream to the vicinity of Dawson Landing.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Army is hereby authorized and directed to cause a survey in the interest of navigation, to be made under the direction of the Chief of Engineers, of the Coosawhatchie and the Broad Rivers in South Carolina, upstream to the vicinity of Dawson Landing, subject to all applicable provisions of section 110 of the River and Harbor Act of 1950.

SEC. 2. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE AT ROCK ISLAND, ILL.

The Clerk called the bill (H. R. 11248) establishing the time for commencement and completion of the reconstruction, enlargement, and extension of the bridge across the Mississippi River at or near Rock Island, Ill.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 7, 1958
For actions of August 6, 1958
85th-2d, No. 134

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HIGHLIGHTS: House rejected farm bill. House passed bill to increase public debt limit. House received conference report on trade agreements extension bill. House Rules Committee reported resolution to agree to Senate amendments to accrued expenditures budgeting bill. House committee ordered reported bill to grant REA Administrator more authority. Sen. Humphrey urged long-term extension of Public Law 480. Sen. Ellender introduced bill to provide revolving fund for USDA loans.

HOUSE

- FARM PROGRAM.** Voted, 210 to 186, to suspend the rules and pass S. 4071, the farm bill. Since this was not the required two-thirds vote for passage under suspension of the rules, the bill was rejected. p. 15049
Rep. Anderson stated that food prices are increasing and that he has "predicted time and again consumers do not benefit from legislation and administrative action to depress farm commodity prices." p. 15044
Rep. Harvey discussed the farm situation, particularly with regard to feed and livestock, and urged enactment of legislation for increased research on the industrial utilization of farm products. pp. 15085-89
- ELECTRIFICATION; ORGANIZATION.** The Government Operations Committee ordered reported with amendment H. R. 11762, to provide that Sec. I of the Reorganization Plan No. 2 of 1953, giving the Secretary administrative control over all USDA agencies, shall not hereafter apply to REA. p. D305

3. FOREIGN TRADE. Received the conference report on H. R. 12591, to extend the authority of the President to enter into trade agreements (H. Rept. 2502). As reported the bill, among other things, extends the President's authority to enter into trade agreements for 4 years; restores a House provision that action found and reported by the Tariff Commission in an escape-clause proceeding to be necessary to prevent or remedy serious injury is to take effect if approved by the President or, if disapproved by the President, upon the adoption by both Houses of a concurrent resolution stating that the House and Senate approve the action so found and reported by the Tariff Commission to be necessary; and deletes a Senate amendment providing for the establishment of a bipartisan commission, the Commission on International Trade Agreement Policy, to study and recommend improvements in international trade agreement policies. pp. 15083-85-, 15115
4. PUBLIC DEBT. Passed without amendment, 286 to 108, H. R. 13580, to increase the public debt limit to \$285 billion. pp. 15048-49
5. BUDGETING. The Rules Committee reported a resolution to agree to the Senate amendments to H. R. 8002, the accrued expenditures budgeting bill. pp. 15049-50, ~~15114~~
6. FRUIT AND NUT IMPORTS. Voted, 136 to 109, to suspend the rules and pass H. R. 11056, to amend the Agricultural Marketing Agreement Act so as to extend restrictions on certain imported citrus fruits, dried fruits, walnuts, and dates. Since this was not the required two-thirds vote for passage under suspension of the rules, the bill was rejected. p. 15050
7. APPROPRIATIONS. Received the conference report on H. R. 12738, the Defense Department appropriation bill for 1959 (H. Rept. 2503). pp. 15081-83
8. MILITARY CONSTRUCTION. Agreed, 256 to 135, to the conference report on H. R. 13015, the military construction authorization bill. pp. 15044-48
9. EDUCATION. The Rules Committee reported a resolution for consideration of H. R. 13247, to strengthen the national defense and to encourage and assist in the expansion and improvement of educational programs to meet critical needs. (pp. 15050, 15114) Rep. Dwyer spoke on the need for enactment of this legislation. (pp. 15106-07)
10. ATOMIC ENERGY. Rep. Hollifield criticized the President's statement taking exception to certain provisions of the atomic energy authorization bill, including the development of certain power reactors. pp. 15103-106
11. PERSONNEL. The Government Operations Committee reported without amendment S. 1903, to authorize the payment of transportation expenses for Presidential appointees assigned to duty posts outside the continental U. S. (H. Rept. 2487). p. 15115
The Ways and Means Committee reported without amendment H. R. 11098, to repeal Section 1505 of the Social Security Act to provide that in determining eligibility of Federal employees for unemployment compensation their accrued annual leave shall be treated in accordance with State laws. p. D807
12. PROPERTY. The Government Operations Committee reported without amendment H. R. 13673, to amend the Federal Property and Administrative Services Act to permit donations of surplus property to volunteer fire-fighting organizations (H. Rept. 2494). p. 15115

Wnson, Calif.
Wolverton
Yates

Young
Younger

Zablocki
Zelenko

The yeas and nays were ordered.
The question was taken and there
were—yeas 210, nays 186, not voting 34.
as follows:

[Roll No. 157]

YEAS—210

NAYS—108

Abbutt
Abernethy
Alexander
Andrews
Ashmore
Barden
Baring
Baumhart
Beamer
Berry
Betts
Blitch
Bonner
Bow
Bray
Broomfield
Brownson
Budge
Byrne, Ill.
Cannon
Cederberg
Church
Collier
Cramer
Cunningham,
 Nebr.
Davis, Ga.
Dorn, S. C.
Dowdy
Fino
Flynt
Forrester
Fountain
Grant
Griffiths
Gross
Gwinn

Haley
Harden
Harrison, Nebr.
Harvey
Hemphill
Henderson
Hiestand
Hoeven
Hoffman
Holt
Jensen
Johansen
Jonas
Jones, Mo.
Kearns
Kilgore
Kitchin
Knox
Kruger
Laird
Landrum
Lennon
Lipscomb
McDonough
McGregor
McVey
Macdonald
Mack, Wash.
Matthews
Miller, Nebr.
Miller, N. Y.
Nicholson
Nimtz
O'Hara, Minn.
O'Konski
Passman
Pelly

Pillion
Poff
Robeson, Va.
Robison, N. Y.
Robison, Ky.
Rogers, Fla.
Rogers, Tex.
Rutherford
St. George
Scherer
Schwengel
Scott, N. C.
Selden
Sheehan
Sikes
Simpson, Ill.
Smith, Calif.
Springer
Stauffer
Teague, Tex.
Thompson, La.
Tollefson
Tuck
Utt
Van Pelt
Weaver
Wharton
Whitener
Williams, Miss.
Williams, N. Y.
Willis
Wilson, Ind.
Winstead
Withrow
Wright

NOT VOTING—36

Adair
Bentley
Bolling
Brooks, La.
Buckley
Burdick
Carnahan
Christopher
Colmer
Coudert
Davis, Tenn.
Dies

Eberharter
Evins
Friedel
Gordon
Gregory
Hillings
Hull
Jenkins
Kilburn
Lesinski
Loser
McIntire

McMillan
Machrowicz
Mason
Michel
Morris
Moulder
Neal
Radwan
Shuford
Sieminski
Smith, Kans.
Spence

So the bill was passed.

The Clerk announced the following
pairs:

On this vote:

Mr. Friedel for, with Mr. Colmer against.
Mr. Buckley for, with Mr. Mason against.
Mr. Eberharter for, with Mr. Moulder
against.

Mr. Machrowicz for, with Mr. Dies against.
Mr. Kilburn for, with Mr. Burdick against.

Until further notice:

Mr. Bolling with Mr. Adair.
Mr. Brooks of Louisiana with Mr. Neal.
Mr. Lesinski with Mr. Jenkins.
Mr. Carnahan with Mr. Bentley.
Mr. Christopher with Mr. Hillings.
Mr. Evins with Mr. Coudert.
Mr. Loser with Mr. McIntire.
Mr. Sieminski with Mr. Radwan.
Mr. Hull with Mr. Smith of Kansas.
Mr. Gordon with Mr. Michel.

The result of the vote was an-
nounced as above recorded.

A motion to reconsider was laid on
the table.

AGRICULTURAL ACT OF 1958

The **SPEAKER**. The unfinished busi-
ness is the suspension of the rules and
the passage of the bill (S. 4071) to
provide more effective price, production
adjustment, and marketing programs
for various agricultural commodities.

The Clerk read the title of the bill.

The **SPEAKER**. The question is on
suspending the rules and passing the
bill.

Mr. **MARTIN**. Mr. Speaker, on that
I ask for the yeas and nays.

Abbutt
Abernethy
Albert
Alexander
Anderson,
 Mont.
Andrews
Anfuso
Ashmore
Aspinall
Avery
Bailey
Baker
Baldwin
Barden
Baring
Barrett
Bass, Tenn.
Beckworth
Belcher
Bennett, Fla.
Bennett, Mich.
Berry
Blitch
Boggs
Bonner
Boykin
Boyle
Bray
Breeding
Brooks, Tex.
Brown, Ga.
Budge
Burleson
Byrd
Byrne, Pa.
Celler
Chelf
Chenoweth
Coad
Coffin
Cooley
Cunningham,
 Nebr.
Davis, Ga.
Dawson, Ill.
Dawson, Utah
Dellay
Dent
Denton
Diggs
Dingell
Dixon
Dollinger
Donohue
Dorn, S. C.
Dowdy
Doyle
Durham
Edmondson
Elliott
Engle
Everett
Fascell
Fisher
Flood
Flynt
Forrester
Fountain
Frazier
Gary

Gathings
George
Granahan
Grant
Gray
Green, Pa.
Griffiths
Gross
Hagen
Hale
Hardy
Harris
Harrison, Va.
Harvey
Hays, Ark.
Hays, Ohio
Healey
Hébert
Hemphill
Hill
Hoeven
Holland
Holmes
Horan
Huddleston
Ikard
Jarman
Jennings
Jensen
Jonas
Jones, Ala.
Jones, Mo.
Karsten
Kee
Keogh
Kilday
Kilgore
King
Kitchin
Kluczynski
Knox
Kruger
Landrum
Lane
LeCompte
Lennon
Libonati
McCormack
McFall
McGovern
McMillan
Mack, Ill.
Madden
Magnuson
Mahon
Matthews
Metcalf
Miller, Calif.
Miller, Nebr.
Mills
Mitchell
Montoya
Morgan
Morrison
Moss
Multer
Murray
Natcher
Nix
Norrell
O'Brien, Ill.

NAYS—186

Addonizio
Alger
Allen, Calif.
Allen, Ill.
Andersen,
 H. Carl
Arends
Ashley
Auchincloss
Ayres
Bass, N. H.
Bates
Baumhart
Beamer
Becker
Betts
Blatnik
Boland
Bolton
Bosch
Bow
Broomfield
Brown, Mo.
Brown, Ohio
Brownson
Broyhill

Bush
Byrne, Ill.
Byrnes, Wis.
Campfield
Cannon
Carrigg
Cederberg
Chamberlain
Chiperfield
Church
Clark
Clevenger
Collier
Corbett
Coudert
Cramer
Cretella
Cunningham,
 Iowa
Curtin
Curtis, Mass.
Curtis, Mo.
Dague
Delaney
Dennison
Derounian

Henderson
Herlong
Heseltun
Hess
Hiestand
Hoffman
Holifield
Holt
Holtzman
Hosmer
Hyde
Jackson
James
Johansen
Johnson
Judd
Kean
Kearney
Kearns
Keating
Kelly, N. Y.
Knutson
Lafore
Laird
Lankford
Latham
Reuss
Riley
Rivers
Roberts
Robeson, Va.
Rogers, Colo.
Rogers, Tex.
Rooney
Roosevelt
Rutherford
Sadlak
Santangelo
Saund
Scott, N. C.
Seely-Brown
Selden
Shelley
Sheppard
Sieminski
Sikes
Simpson, Ill.
Sisk
Smith, Miss.
Smith, Va.
Springer
Steed
Sullivan
Teague, Calif.
Teague, Tex.
Teller
Thomas
Thompson, La.
Thompson, Tex.
Thomson, Wyo.
Thornberry
Trimble
Tuck
UNman
Van Pelt
Vinson
Watts
Weaver
Whitener
Whitten
Wier
Williams, Miss.
Willis
Wilson, Ind.
Winstead
Withrow
Wright
Young
Zelenko

Martin
May
Meader
Merrow
Miller, Md.
Miller, N. Y.
Minshall
Moore
Morano
Mumma
Nicholson
Nimtz
Norblad
O'Brien, N. Y.
O'Konski
Osmers
Ostertag
Patterson
Pelly
Pillion
Poff
Powell
Prouty
Ray
Reece, Tenn.
Reed
Rees, Kans.
Rhodes, Ariz.
Rhodes, Pa.
Riehlman
Robison, N. Y.
Robison, Ky.
Rodino
Rogers, Fla.
Rogers, Mass.
St. George
Saylor

Schenck
Scherer
Schwengel
Scott, Pa.
Scrivner
Scudder
Sheehan
Siler
Simpson, Pa.
Smith, Calif.
Staggers
Stauffer
Taber
Talle
Taylor
Tewes
Thompson, N. J.
Tollefson
Udall
Utt
Vanik
Van Zandt
Vorys
Vursell
Wainwright
Walter
Westland
Wharton
Widnall
Wigglesworth
Williams, N. Y.
Wilson, Calif.
Wolverton
Yates
Younger
Zablocki

NOT VOTING—34

Adair
Bentley
Bolling
Brooks, La.
Buckley
Burdick
Carnahan
Christopher
Colmer
Davis, Tenn.
Dies
Eberharter

Evins
Friedel
Gordon
Gregory
Hillings
Hull
Jenkins
Kilburn
Kirwan
Lesinski
Loser
McIntire

Machrowicz
Mason
Michel
Morris
Moulder
Neal
Radwan
Shuford
Smith, Kans.
Spence

So, two-thirds not having voted in
favor thereof, the motion to suspend the
rules and pass the bill was rejected.

The Clerk announced the following
pairs:

On this vote:

Mr. Moulder and Mr. Buckley for, with
Mr. Hull against.

Mr. Eberharter and Mr. Machrowicz for,
with Mr. Radwan against.

Mr. Bentley and Mr. Colmer for, with Mr.
Mason against.

Mr. Brooks of Louisiana and Loser for, with
Mr. Friedel against.

Mr. Lesinski and Mr. Morris for, with Mr.
Kilburn against.

Mr. Evins and Mr. Burdick for, with Mr.
Hillings against.

Mr. McIntire and Mr. Gordon for, with
Mr. Jenkins against.

Until further notice:

Mr. Bolling with Mr. Adair.

Mr. Carnahan with Mr. Neal.

Mr. Christopher with Mr. Smith of Kansas.

Mr. Dies with Mr. Michel.

Mrs. **ROGERS** of Massachusetts
changed her vote from "yea" to "nay."

Mr. **DELLAY** changed his vote from
"nay" to "yea."

The result of the vote was announced
as above recorded.

PROVIDING IMPROVED METHODS OF STATING BUDGET ESTIMATES AND ESTIMATES FOR DEFICIENCY AND SUPPLEMENTAL APPROPRIA- TIONS

Mr. **O'NEILL**, from the Committee on
Rules, reported the following privileged
resolution (H. Res. 674, Rept. No. 2480),
which was referred to the House Calen-
dar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution, the bill (H. R. 8002), with the Senate amendments thereto, be, and the same hereby is, taken from the Speaker's table, to the end that the Senate amendments be, and the same are hereby, agreed to.

QUALITY REGULATION OF IMPORTED AGRICULTURAL COMMODITIES

The SPEAKER. The unfinished business is the question on the motion to suspend the rules and pass the bill (H. R. 11056) to amend section 8e of the Agricultural Adjustment Act, of 1933, as amended.

The Clerk read the title of the bill.

The SPEAKER. The question is, Will the House suspend the rules and pass the bill?

The question was taken, and the Chair being in doubt, on a division there were—ayes 136, noes 109.

So (two-thirds not having voted in favor thereof) the motion was rejected.

STRENGTHENING THE NATIONAL DEFENSE

Mr. MADDEN, from the Committee on Rules, reported the following privileged resolution (H. Res. 675, Rept. No. 2480), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of (H. R. 13247) to strengthen the national defense and to encourage and assist in the expansion and improvement of educational programs to meet critical national needs; and for other purposes. After general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CONTESTED ELECTION CASE OF JAMES C. OLIVER AGAINST ROBERT HALE, FIRST CONGRESSIONAL DISTRICT, MAINE

Mr. ASHMORE, from the Committee on House Administration, reported the following privileged resolution (H. Res. 676, Rept. No. 2482), which was referred to the House Calendar and ordered to be printed:

Resolved, That Robert Hale was duly elected as Representative from the First Congressional District of the State of Maine in the 85th Congress and is entitled to his seat.

WELFARE AND PENSION PLANS DISCLOSURE ACT

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 657 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 13507) to provide for reporting and disclosure of employee welfare and pension benefit plans. After general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, I yield 30 minutes to the gentleman from New York [Mr. LATHAM] and yield myself such time as I may use.

The SPEAKER. The gentleman from Indiana is recognized.

Mr. MADDEN. Mr. Speaker, the pending Resolution 657 calls up for consideration H. R. 13507 which provides for reporting and disclosure of employee welfare and pension benefits plans. The resolution provides for an open rule and 2 hours general debate.

I wish to commend the chairman and members of the Education and Labor Committee for reporting this legislation so that it can be considered by the House during this session of Congress. Unfortunately, a relatively small number of so-called labor leaders have been either negligent or dishonest with their membership by dissipating, misappropriating, or through unsound investments jeopardize the funds which are established for the purpose of protecting the future welfare and security of their organization's membership.

The objective of this bill is to guarantee the participants and their beneficiaries of the millions of workers and their families who have a partial interest in ownership in moneys of this nature. It is estimated that almost 80 million persons are relying on private benefit plans and approximately \$30 billion is invested therein. The subcommittee and the full Committee on Education and Labor has given considerable thought and study to this important problem for several years. The committee believes that periodical filing of sworn affidavits concerning the amounts, investments, and all essential facts concerning welfare funds will serve as a preventive against dishonesty and misappropriations of these funds by the administrators charged with their care. The participants and beneficiaries of these funds, if they are familiar and acquainted with the true status of the administration thereof will be sufficient protection to keep these funds intact and solvent for the purposes for which they are originally intended.

This bill will place the least possible burden by way of cost and operation

upon the Nation's taxpayer in general. This bill does not provide punitive regulations but the committee after long study feels that exposure of facts and reporting statistics on pension funds will be a practical method of enforcement. Each State and local community through the Attorney General and county prosecutors can prosecute for any misappropriation or criminal violations because of dishonest administrators who are responsible to employees for the care and custody of welfare and pension funds.

The bill also provides that the description, facts, and data of any employee welfare or pension benefits plan shall be published within 90 days of the effective date of this act or within 90 days after the establishment of such plan whichever is later. The bill also provides that the pension welfare operations plans shall be published, signed and sworn to by the person or the persons defined as the administrator and also includes names and addresses of all persons directly or indirectly connected with the administration of these funds. In addition, the bill outlines all other facts and essential information to which the membership of these various pension plans are entitled to know.

Judging from the exposures revealed from congressional investigations, corruption, dishonesty, and deceit in the operation of welfare and pension funds was committed because the vast membership had no knowledge or method of securing information regarding the true facts, status, and operations connected with the administration of these vast sums of moneys entrusted to officers of certain unions. No doubt, it will be contended by certain Members during this debate that additional restrictive and regulatory legislation should be enacted at this time involving exposures from congressional committees investigations of labor management relations. It is not the purpose of this bill to go into the extended scope of all labor management relations because of the weeks and months of hearings and other preparations involved in this long and complex undertaking. I do hope that the Members debate this legislation with sincerity and commonsense. As a former member of the Labor and Education Committee 10 years ago I was sorry at that time to hear Members denounce organized labor in general terms and we have regretted some of our mistakes on numerous occasions since the Taft-Hartley law was enacted. We have had unfortunate bitterness, strikes, and labor difficulties since that law was passed. I hope the Members remember that Communist agitators seek first to control labor and second, our schools. With the exception of a few out of approximately 50,000 labor officials we can thank labor leaders in America for defeating Communist infiltration into American labor. I do think this Congress before adjournment should favorably enact the pending legislation so that working men and women throughout the Nation can have the mental satisfaction to know the future security for them and their families will be guaranteed by the enacting of legislation which will prevent any dis-

House Calendar No. 282

85TH CONGRESS
2D SESSION

H. RES. 674

[Report No. 2480]

IN THE HOUSE OF REPRESENTATIVES

AUGUST 6, 1958

Mr. O'NEILL, from the Committee on Rules, reported the following resolution;
which was referred to the House Calendar and ordered to be printed

RESOLUTION

- 1 *Resolved*, That immediately upon the adoption of this
2 resolution, the bill H. R. 8002, with the Senate amendments
3 thereto, be, and the same hereby is, taken from the Speaker's
4 table, to the end that the Senate amendments be, and the
5 same are hereby, agreed to.

85TH CONGRESS
2D Session

H. RES. 674

[Report No. 2480]

RESOLUTION

Agreeing to the Senate amendments to
H. R. 8002.

By Mr. O'NEILL

AUGUST 6, 1958

Referred to the House Calendar and ordered to be
printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 15, 1958
For actions of August 14, 1958
85th-2d, No. 140

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HIGHLIGHTS: House ^{passed} modified farm bill. House concurred in Senate amendments to accrued-expenditures budgeting bill. House committee ordered reported bill to require State contributions to disaster relief. Senate debated supplemental appropriation bill. Both Houses agreed to conference report on Klamath Indian forest bill. Both Houses passed bills to extend Mexican farm labor program. President issued statement (Aug. 12) interpreting new law on withholding information.

HOUSE

1. FARM PROGRAM. Passed a substitute version of S. 4071, the proposed "Agricultural Act of 1958." pp. 16059-72 (At the end of this Digest is Chairman Cooley's explanation of the changes in the bill.)
Rep. Polk inserted the so-called "Simmermon Farm Plan." pp. 16103-7
2. BUDGETING. Agreed to the Senate amendments to H. R. 8002, to provide for accrued-expenditure budgeting. This bill will now be sent to the President. pp. 16077-84
3. FARM LABOR. Passed as reported H. R. 10360, to continue the Mexican farm labor program for 2 years until June 30, 1961. Rejected an amendment by Rep. Christopher to continue the program for only 1 year and to make it unavailable to any employer who does not comply with applicable crop-reduction and allotment programs. pp. 16085-94
4. FORESTRY. Agreed to the conference report on S. 3051, to amend the act terminating Federal supervision over the Klamath Indian Tribe by providing in the alternative for private or Federal acquisition of the part of the tribal forest that must be sold. p. 16076
The Agriculture Committee ordered reported S. 3741, to provide regular national forest status to most lands under the jurisdiction of the Forest Service. p. D853
5. DISASTER RELIEF. The Agriculture Committee ordered reported S. 304 (amended), to require contributions by State governments to the cost of feed or seed furnished to farmers, ranchers, or stockmen in disaster areas. p. D853
6. CROP INSURANCE. The Agriculture Committee ordered reported H. R. 13262 (amended), to eliminate the prohibition against crop insurance being made available to certain counties which do not have wide participation in the program. p. D853
7. RESEARCH. The Interstate and Foreign Commerce Committee ordered reported H. R. 11257 (amended), to make various amendments regarding administration of the National Science Foundation. p. D854
House conferees were appointed on S. J. Res. 135, providing for construction by the Interior Department of demonstration plants for conversion of salt water to fresh water. p. 16084
8. TRAVEL; TRANSPORTATION. Concurred in the Senate amendments to H. R. 11133, which authorizes payment of travel and moving expenses of prospective non-clerical employees reporting to their first-duty station for employment in positions determined to be in shortage categories on the same basis as payments to regular civilian employees upon transfer of official station or on original appointment to an overseas post of duty, with a provision that the new authority shall be effective for only 2 years. The Senate had eliminated a provision for such benefits in the case of prospective employees who are called in for interviews. In this connection the Senate committee stated that the Civil Service Commission would be requested to submit to the Government Operations Committees, during the next Congress, a report on the operations of this bill, with further recommendations for amendment if desirable. The bill will now be sent to the President. pp. 16076-7
9. TAXES. Agreed to the conference report on H. R. 7125, and received the conference report on H. R. 8381, to make technical tax-law changes. pp. 16072-6, 16110-22
10. LEGISLATIVE PROGRAM. Rep. McCormack said the area development bill will be considered today, Aug. 15. pp. 16102-3

to those employees whose employment is necessary in the national defense?

Mr. FASCELL. That is correct.

Mr. BROWN of Ohio. There has to be a finding of necessity.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Iowa.

Mr. GROSS. Does this in any way amend Public Law 313, which pertains to the employment of scientific and professional personnel?

Mr. FASCELL. No, it does not. Another Senate amendment specifically provides that nothing in this act shall change existing authority.

Mr. GROSS. It has nothing to do with supergrades?

Mr. FASCELL. The gentleman is correct. It deals strictly with those technical skills which are necessary for the Government to have in the national security.

There is one further Senate amendment. The original House bill contained a period of 5 years. The Senate cut that down to 2 years.

We think the amendments are in order and should be adopted.

Mr. BROWN of Ohio. Further reserving the right to object, as I read the Senate amendments to the bill which originally passed the House, this bill is now more restrictive language than was approved by the House.

Mr. FASCELL. The gentleman is correct. It preserves the principle of the House bill but restricts it considerably.

Mr. BROWN of Ohio. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

CORRECTION OF THE RECORD

Mr. MILLER of California. Mr. Speaker, I ask unanimous consent to correct the RECORD of August 13, 1958, on page A7238, third paragraph, line 1, "Today the Weible" should be "Weibel."

On page A7239, first paragraph, line 1, "Freemont" should be "Fremont." Second paragraph, line 1, "Sanford, who" should be "Stanford."

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

IMPROVED METHODS OF STATING BUDGET ESTIMATES

Mr. O'NEILL. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 674 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution, the bill H. R. 8002, with the Senate amendments thereto, be, and the same hereby is, taken from the Speaker's table, to the end that the Senate

amendments be, and the same are hereby, agreed to.

Mr. O'NEILL. Mr. Speaker, I yield myself such time as I may desire, at the conclusion of which I yield 30 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. Speaker, this is the so-called Kennedy-Rogers bill. Sometime ago the Senate passed this bill by a vote of 86 to nothing. We in the House Committee on Government Operations reported a bill not similar to the Senate bill but which passed this House by a vote of 311, I believe, to 86. There was a fresh bill sent to the Senate, and the Senate has sent the bill back with amendments, and the House Committee on Government Operations has unanimously approved that the Senate amendments be adopted.

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, this bill is one that passed the House back in March or April. I have forgotten which. It has probably had more propaganda support than any other bill that has ever been before the Congress, and more money spent, and I cannot yet understand how anybody could be for it if they had taken the time to read it. As it comes back from the Senate, the Senate amendments contain items which authorize the Congress to place in appropriation bills provisions for the transfer of funds between projects; one of the worst things we could have in any bill; one that will be an embarrassment on every appropriation bill that is brought in here.

It also contains a strikeout on page 3, lines 20 and 21 of the words "permitted to be placed in annual appropriation bills provisions pertaining to the availability of any appropriations or funds previously provided." That would mean that where an appropriation had ceased to be of service and was not necessary, the committee could bring in a repeal of it. The Senate struck that out. That was the only good provision there was in the bill. The rest of them are a handicap and will cost billions of dollars before we get through.

The Assistant Secretary of Defense, the Comptroller, Mr. McNeil, testified before the other body that it would require from 5,000 to 6,000 more clerks to take care of the work, the detailed work that would be called for by this.

Mr. RABAUT. If the gentleman will permit, only in that one department.

Mr. TABER. Yes; in that one department. That would only be a starter. It would spread like wildfire. It would be a great menace to any kind of decent, orderly procedure in the Government.

For my own part I have to recognize that propaganda has succeeded in putting this bill through the House and the other body, and probably this rule will pass. But I do not feel that I would be true to my oath of office if I did not come here and tell you that the bill was no good, that it was a menace, that it was contrary to proper and orderly procedure, and that we ought not to pass any such bill as this.

Mr. RABAUT. Mr. Speaker, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Michigan.

Mr. RABAUT. I had put a higher estimate on the Hoover Commission than to think that they would go to the extent that they have gone here. We have a bill called H. R. 8002, and there is a title, but that is the only thing that remains of all they asked for. Still they are pressing for it. So it is a great temptation to say, "I told you so." There is not an ounce of this bill that was in it in the first place, that remains. All you have are the title and the number.

If the gentleman will yield a moment further, in the report of the other body they say:

The Congress has absolute control over expenditures by reason of its constitutional responsibility in the granting of obligational authority.

This bill seeks to take it away.

Mr. TABER. That is correct.

Those who spoke after I gave the foregoing statement made statements that the bill itself did something, but it does not. There is not a single thing in it that has anything to do with any bit of Government operations that are already not provided for by law, and there is nothing in it already that is not in the Budget and Accounting Act of 1920, or in the appropriating language of each annual appropriations bill as it comes to the floor of the House.

The President already has the power to submit anything that this bill gives him to the Congress in his budget message or any other message that he might determine to send. The accrued annual expenditure proposition is already provided for in all annual bills and all supplemental bills, so that the language of the bill relating to accrued expenditures is meaningless, and we now have accrued expenditure where the funds that are not either obligated or expended in any year lapse on the 30th of June of that fiscal year. The only bills that are not subject to the accrued expenditure are where the Congress specifically provides for the availability of funds for more than 1 year. That is necessary in the operations of the armed services, because of the length of time that it takes to procure ammunitions and munitions, and planes and tanks, and all sort of things like that, where the time of construction is so far away from the date of the appropriation that it cannot be planned to be completed within the year.

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. FORD].

(Mr. FORD asked and was given permission to revise and extend his remarks.)

Mr. FORD. Mr. Speaker, I should like to point out several things that the Congress will do and one thing that the Congress will not do if this legislation is approved. First and foremost, if you turn to section 201 (f) in the bill, you will find this statement which I believe is significant:

Nothing in subsections (b) through (e) of this section shall be construed to change existing law with respect to the method or

manner of making appropriations or the incurring of obligations under appropriations.

Based on the above the net effect is that you are approving, in this legislation, no change whatsoever; it is purely and simply window dressing with the title of the bill number of the original bill.

Secondly, if you turn to section 201 (b) of the bill, in the other body they added a proviso to the language which this House approved originally, which reads as follows:

The President may include in the budget with any such proposed limitation on annual accrued expenditures, proposals for provisions authorizing the head of a department or establishment to make transfers, within his department or establishment, between such limitations on annual accrued expenditures; and such provisions may limit by amount or by percent the size of any transfer so proposed.

The prime reason given for this legislation was to gather into the fold of the Congress, the legislative branch of the Government, greater control over appropriations and expenditures, and by the inclusion of that amendment by the other body in effect we have opened the floodgates and have relinquished to the executive branch greater control over fiscal matters. In other words by this proposal the House will do the opposite of what many believe is desired, namely greater congressional control over fiscal matters.

The best provision we had in the bill as it passed the House was the provision sponsored by the gentleman from New York [Mr. TABER], which stated in effect that we could have authority in the House to strike, rescind or revise unobligated appropriations. That would have given us some authority that we did not have to save money, to cut down on unobligated balances. The other body struck that provision from the bill. It is not included in this version. At all costs the Taber amendment should have remained in the bill. Its deletion is against congressional control of the purse strings.

We are in error in three instances, as I have tried to point out. I for one want my opposition recorded as affirmatively and vigorously as I can.

Mr. LAIRD. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Wisconsin.

Mr. LAIRD. There have been many statements made about the great savings involved in H. R. 8002 as originally introduced. I think we all realize that this is merely a budgetary tool to be used by the Congress. May I ask the author of this legislation if it is not true that in connection with any accounting tool that is granted to Congress as far as budgetary procedures are concerned any saving that could be made, regardless of how the tool is used, is really up to the Congress? It takes real effort to cut spending on the part of the Congress after the granting of any accounting tool if there is ever going to be any saving, so any real saving could not be claimed on the basis of

this bill or on the basis of the bill as originally introduced. Is that correct?

Mr. ROGERS of Florida. I think the gentleman definitely is right. We can have the best plan possible but if the Congress does not use it properly and does not have the will to cut down appropriations any plan that might be devised would be of no avail. I think the gentleman is correct.

Mr. LAIRD. In other words, this is merely an accounting tool for Congress to use.

May I ask the cosponsor of the legislation on our side of the aisle, the gentleman from California [Mr. LIPSCOMB] in regard to the large figures that have been bandied about on savings, and what those figures usually refer to?

Mr. LIPSCOMB. The Hoover Commission task force and the Hoover Commission both included in their reports statements that their recommendations would result in savings of approximately \$4 billion. That was based, according to their statement, on 8.5 percent of the controllable expenditures in the Federal budget. In my opinion as one of the sponsors of the legislation, an exact price tag cannot be placed on H. R. 8002. The gentleman is exactly right; this is an accounting tool to be used by Congress and the executive branch. Before this legislation came about, there were 31 recommendations by the Hoover Commission task force; 25 were accepted by the Hoover Commission.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. FASCELL. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan.

Mr. LIPSCOMB. The Committee on Government Operations reported and there was passed in the 84th Congress a bill which became Public Law 863, which provided for accrued accounting methods and cost based budgeting in Federal agencies. A great deal of the savings estimated by the Hoover Commission were to result from the recommendations included in Public Law 863, and it can be pointed out that this legislation is working satisfactorily and there have been savings in various agencies and departments though the amount has never been totaled and could probably not be accurately determined.

Mr. LAIRD. This price-tag figure was on all of the 31 recommendations not on H. R. 8002 as originally introduced. Is that correct?

Mr. LIPSCOMB. All 31 of the recommendations by the task force. The accrued expenditure recommendation is just one of the recommendations.

Mr. LAIRD. I thank the gentleman from California.

Mr. FORD. Mr. Speaker, may I conclude by saying that by the enactment of this bill we are not accomplishing one single thing, because in section 201 (g) it is stated that none of the procedures with respect to the method or manner of making appropriations shall be changed. Secondly, may I repeat, by the inclusion of the amendment of the

other body, we are in effect giving to the executive branch of the Government more flexibility and more control which automatically means that we, in the legislative branch, have less. Finally, may I say, by striking the provision which was sponsored by the gentleman from New York [Mr. TABER] the other body, and I presume we, now, will take away the real tool that could have been helpful in giving us in this body authority to make provisions for rescissions of previously made obligational authority.

Mr. LIPSCOMB. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield.

Mr. LIPSCOMB. The gentleman is a very prominent and effective member of the Committee on Appropriations. Is it not a fact that at the present time the Committee on Appropriations include in an appropriation bill transfer authority and in effect puts a limitation on them?

Mr. FORD. We have the authority—so if you use that line of argument then this whole bill including that provision is of little or no effect. My only point is that this proposal is purely window dressing. It has the same number (H. R. 8002) and the same title as the original bill but after that there is no similarity between it and the initial version.

Mr. FASCELL. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. MAHON].

Mr. MAHON. Mr. Speaker, we have battled over the bill, H. R. 8002, for many months. I have been among those in the House who have conceded the complete sincerity of those who sponsor this legislation, but I have felt all along that the legislation would do more harm than good. I realize we are now approaching the conclusion of the consideration of this issue. I have asked for this time merely to say again that, in my opinion, this is unwise legislation, and it will not be helpful to the Congress. I do not believe it will save money. I do not believe it will reduce personnel. On the contrary, I believe it will increase personnel. I regret that we are confronted today with this proposition. Of course, the bill has been vastly changed, as has been pointed out by the gentleman from Michigan [Mr. FORD] and others, but I still take the position that it is not wise legislation, and I want to be recorded as being among those who are opposed to it.

Mr. BROWN of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

(Mr. WIGGLESWORTH asked and was given permission to revise and extend his remarks.)

Mr. WIGGLESWORTH. Mr. Speaker, I think the House is well aware of my position with respect to this legislation. I favor its adoption and I favor the adoption of this resolution to that end.

The bill, as has been pointed out, in substantially its present form passed the House on a record vote of 311 to 97 or by better than 3 to 1.

It then went to the other body. It was referred to the Committee on Appropriations of that body. Hearings were conducted. It then passed the

other body on a record vote of 68 to 6 or by better than 11 to 1.

It is supported by the Bureau of the Budget. It is supported by the Comptroller General. It is supported by the Secretary of the Treasury. It is supported by the Department of Defense.

It has the general support of the administration as well as the support of the Second Hoover Commission which proposed the legislation in its original form.

The amendments which have been adopted by the other body are not major amendments, as I see them. They are minor amendments. They do not go to the heart of this proposal. They do 3 things and 3 things only.

First, they include permissive language, and it is only permissive, whereby if the Congress sees fit, it may authorize the transfer from one category of expenditure to another category of expenditure to the extent that it deems wise.

Second, they include clarifying language to make doubly certain what we have intended at all times, that a contractor will be paid promptly for goods delivered within a given fiscal year even if the payment is not made technically before the close of that year.

Third, they delete two lines of the bill which would have permitted in any appropriation bill a rescission, a reappropriation, or a transfer.

I regret the omission of these two lines, but I do not think they are too important, because every one of us here has seen a rescission, or a reappropriation, or a transfer provision included in appropriation bill after appropriation bill, and I never recall anyone in this body raising a point of order to the suggested action.

Mr. Speaker, as I say, this bill returns to this House substantially in the form in which it was approved previously by the House by a vote of over 3 to 1. It is a fair compromise as I see it.

True, as the gentleman from Michigan has pointed out, there is no change made in respect to appropriations or the making of obligations under appropriations. The return to the contract authority principle has been completely eliminated, and that was the chief objection to this bill.

The bill does however provide the possibility of imposing expenditure limitations in terms of accrued expenditure so that this House may control not only obligating authority, but actual expenditure, just as we always did year after year until a few years ago, when we departed from the contract authority principle, leaving the rate and time of expenditure to the extent of about one third of our total appropriations largely in the hands of the departments and agencies, thereby relinquishing control in any given year over a balanced budget.

I think it is a fair compromise. I think it affords control over expenditure which is now lacking.

It is permissive legislation and I think it is entitled to a fair trial.

I hope and believe that the House will agree to the resolution now under consideration.

Mr. BROWN of Ohio. Mr. Speaker, I yield such time as she may desire to the gentlewoman from Indiana [Mrs. HARDEN].

[Mrs. HARDEN addressed the House. Her remarks will appear hereafter in the Appendix.]

(Mrs. HARDEN asked and was given permission to revise and extend her remarks.)

Mr. BROWN of Ohio. Mr. Speaker, I yield such time as she may desire to the gentlewoman from New Jersey [Mrs. DWYER].

Mrs. DWYER. Mr. Speaker, I rise to support this legislation, and at this time I want to commend the many civic groups which worked so diligently for the passage of this legislation.

Mr. Speaker, the legislation now before us, H. R. 8002, has probably had more expert study and more extensive and detailed consideration than any matter that has come before us during the 85th Congress.

It is good that this is so, because the bill will mark a new departure in the budgeting, accounting, appropriating, and spending procedures of the Federal Government.

It will mean—once an accrued expenditures accounting system has been placed in effect—that both the Congress and the executive branch will be enabled to exercise a much closer control over the actual expenditures made and contemplated by the departments and agencies of the Government.

As the Congress has learned, it is the ultimate spending of funds rather than their obligation or appropriation that is the most significant act in the budgetary process. To the degree that expenditures themselves are controlled, the Federal budget will accordingly be properly administered. This bill provides the authority necessary to achieve proper control.

It does so, Mr. Speaker, by providing for an accrued expenditure limitation for each fiscal year. It provides that in the fiscal year involved, this limitation would be charged with the cost of goods and services and other assets received, and advance payments made and progress payments becoming due, and the amount of any other liabilities becoming payable—in brief, each year's limitation would include all expenditures whenever and however the obligations were incurred.

In this way, the authority to receive goods and services and incur other liabilities will be controlled annually based on a review by the Congress of unobligated balances of prior appropriations. The executive branch, by proposing the accrued expenditure limitation, and the Congress, by establishing the annual limitation, will control not only the goods and services received under orders placed in that year but also the receipt of goods and services under orders placed in prior years.

Thus, Mr. Speaker, the funds appropriated by Congress should, under this bill, receive much more careful and precise accounting and control. It will require more effective control over the

costs of goods and services. It will eliminate the huge carryovers of appropriated funds which somehow have a tendency to get lost in the morass of long-range procurement.

Potentially, at least, the greater emphasis on costing procedures should prove to be the most significant result of the changes involved in H. R. 8002. Better estimates will have to be made of the varied factors going into the cost of products and services; more accurate information will be required on which to base these cost estimates; and more detailed and precise knowledge of production techniques and procurement methods will be necessary—all of this because both Congress and the executive branch will be required, in a sense, to postaudit as well as preaudit Federal expenditures. The former reliance on vague estimates and the generally loose character of much budgetary procedure will no longer be tolerated. To a much greater degree than has heretofore been possible, we can assure that close to 100 cents' worth of every dollar spent will be received.

At the same time, however, the bill permits adequate flexibility for the President and the executive departments to meet swiftly changing or unexpected requirements. The President will be authorized to include in his budget requests for authority to make transfers of funds within the accrued limitation from one appropriation to another within a particular establishment. Congress of course, may approve or disapprove or amend such requests.

It should also be noted that appropriations will continue to be made, under the bill, in the same manner as at present and be available for incurring obligations in the normal way. This is essential for the efficient execution of programs with continuing-type appropriations for procurement of long lead-time items such as much of the equipment, construction, and research contracts of the Defense Department involve.

Mr. Speaker, I am immensely pleased that this bill is so near to final enactment. It will bring order and understanding into the budget and appropriation process—not only for those who daily work in this field, but also for the people who ultimately pay the bills. It will achieve a measure of healthy accountability for Government spending which we have never had. It will require more care and more precision in spending the people's money. And, as a result, both Congress and responsible officials in the executive branch will be enabled to spot areas where loose procurement and spending practices can be corrected.

The bill will undoubtedly result in significant economies, though I think it is fruitless to speculate on dollar amounts of such savings.

The technical changes in the Government's immensely complex financial structure which will be brought about by this bill are so vast that we cannot realistically expect very early results. The changes will take time, several years perhaps, before important savings can be identified.

In any event, Mr. Speaker, by approving H. R. 8002 this afternoon, the House can take a major step forward toward bringing good sense and understanding and responsibility into the handling of more than \$70 billion a year. Such an achievement is truly historic.

But the sense of the achievement grows even greater when the present bill is placed alongside legislation providing for the reorganization of the Defense Department. As we are very much aware, the Defense Department alone accounts for more than 50 percent of each Federal budget, and its importance in terms of national security is equally great. With these two bills, therefore, the Congress will have made unprecedented progress in bringing greater efficiency, more flexibility, a readier response to changing needs, and more effective accountability into the very heart of the Federal Government.

When we consider this accomplishment, Mr. Speaker, we must, I believe, distribute the credit very broadly indeed—broadly enough, that is, to cover the millions of American citizens who would not take no for an answer. Few instances of major legislation owe so much to the enlightened and organized support of a broad section of the population. The people recognized the good sense and great importance of the Hoover Commission recommendations in this field. And despite the reluctance of many in the Government, the people have persisted in demanding that something effective be done to bring order, efficiency, and economy into the organization and operation of the Federal Government.

I have watched closely the constructive and persistent efforts of citizens in New Jersey, as in every other State of the Union, to keep the attention of Congress focused on this job. Their interest—which has been a public interest of the highest order—has continued over several years, and has overcome the inertia and the apathy and the resistance which always threaten proposals which seek to make striking departures in the customary way of doing things—no matter how badly changes are needed.

I am delighted to acknowledge this great contribution.

(Mrs. DWYER asked and was given permission to revise and extend her remarks.)

Mr. BROWN of Ohio. Mr. Speaker, I yield such time as he may desire to the gentleman from Washington [Mr. PELLY].

Mr. PELLY. Mr. Speaker, I rise in support of House Resolution 674 providing for agreeing to Senate amendments to H. R. 8002 to implement the Hoover Commission recommendation for placing the Federal budget on an annual accrued expenditure basis.

Prior to the time that the House passed H. R. 8002 last March, I strongly favored and worked for its passage. This was to return to Congress control of the public purse strings. On funds which do not revert to the Treasury if unspent in a fiscal year, I have urged, as provided by this legislation, that there be a congressional review each year so we can cancel

unnecessary expenditures and reduce the huge backlog of spending liabilities. When I was elected to Congress in 1952, the authorized projects appropriated for but unspent from previous fiscal years was said to be \$80 billion. On June 30 of this year, as I understand, it had been reduced to approximately \$70 billion, but I do not know that anyone has an accurate figure.

Leading accountants and business leaders have urged enactment of H. R. 8002 and I have been convinced it could result in the savings of millions of dollars each year.

Accordingly, Mr. Speaker, I am happy that H. R. 8002 is now up for consideration. The changes in the bill since it was passed by the House, as I understand, were minor and largely to comply with Senate rules. In short, the amended bill conforms to the objectives of the bipartisan Hoover Commission and is endorsed in its present form by the Citizens Committee for the Hoover Report.

I am going to vote "aye" and urge my colleagues to do the same.

In connection with H. R. 8002 and the strong possibility that it will now be enacted into law, because if we pass it today it most certainly will be signed by the President, I want to pay special tribute to the Hearst newspapers. This vote culminates a long, drawnout educational program of the Hearst papers in support of this recommendation of the Hoover Commission. Had it not been for the continuing editorial support of these newspapers I doubt if we would be voting on this measure today.

And may I say there is one thing that I admire about the Hearst editorial policies, you always know where these papers stand. They support some economy measures and some spending measures and, yet, there is a balance so that the result is sound economics and opposition to inflation. Contrast this with some other newspapers, of which the Washington Post is a good example, where support is given to legislation for all types of spending programs without any restraint so that the overall policy is never within the framework of sound fiscal policies nor is it tempered to recommend overall balance of expenditure and revenue.

Today, as we face a 12 to 18 billion dollar Federal deficit with an ever-increasing national debt, it seems to me that the newspapers of this country owe it to their readers to give editorial support against inflation and fiscal irresponsibility. This I am happy to say is something that the Hearst papers have never failed to do. At this time, when we are considering H. R. 8002, I certainly want to pay tribute to newspaper publishers such as William Randolph Hearst, Jr.

(Mr. PELLY asked and was given permission to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I yield such time as he may desire to the gentleman from Florida [Mr. FASCELL].

Mr. FASCELL. Mr. Speaker, I believe the distinguished member of the Appropriations Committee has already explained the Senate amendments which

are under consideration in this legislation, and I think he has explained them very clearly and explicitly. They are simple in nature.

I would just emphasize the fact that the merits of the legislation itself have been sufficiently discussed in this House. The other body took a long, slow look at this legislation. It has been over there quite a while. It was referred to the Appropriations Committee of the other body and they reported it favorably. I would like to quote the last part of a paragraph that has been referred to, but of which only the first part was read, because I think the balance of the paragraph is as important as the first part. I read from page 2 of the Senate report on this legislation:

The Congress has absolute control over expenditures by reason of its constitutional responsibility in the granting of obligational authority.

I certainly concur wholeheartedly and have always concurred in that statement. I suggest that it is certainly the crux of the entire situation. There is no question about that.

I read further:

Under the terms of H. R. 8002, a majority of the committee feels that the Congress will have an opportunity to exercise better control over the expenditures in the year in which they are to be made and that the Congress will have an opportunity to exercise better control over the unexpended balances of appropriation, because limitations on expenditures of these unexpended balances will be made each year.

That is the balance of the paragraph, reading from a Senate Appropriations Committee report, which spells out the purposes of this legislation. I am pleased that the Senate Appropriations Committee sees the same purposes in this bill as does our committee.

I would point out with respect to the questions that have been raised on the amendments that in connection with the first amendment, it is purely permissive. The language says that the President may include it in the budget.

I stand here to state again that I believe in an expenditure type of budget. Under the present systems the obligational budget has only an indirect relationship to the annual expenditures. It would be helpful to the American people, and to Members of Congress if we can get to the point of saying that the budget for a year reflects the expenditures for that year. I do not know whether we will arrive at that point or not. But the gentleman from Wisconsin [Mr. LAIRD] is correct when he says that this is a tool of management which can be used, if it is desired to be used. It is not mandatory in any sense; it is an expression of opinion, and makes available for use a management tool which we believe could be useful and helpful, improve efficiency and effect economy.

It is our intent, and the record is abundantly clear on this point, that all we seek to do is to aid Congress and the Appropriations Committee to secure more effective control. We hope to be able to support them in whatever way they wish to exercise and retain this control.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from West Virginia.

Mr. BAILEY. All you do is require any spending unit to absorb the unexpended obligations of the previous year in any budget? That is what you are proposing?

Mr. FASCELL. You would have full obligational authority, as you now have, but each annual expenditure thereunder for the life of the full obligation, would have to be within the annual expenditure limitation fixed.

Mr. BAILEY. If I read a section (c) on page 2 correctly, that is the object?

Mr. FASCELL. If the proposal is made and the Appropriations Committee desires.

Mr. BAILEY. Under that expression on page 2, section (c) "and the amount of any other liabilities becoming payable, during the fiscal year concerned"—would that cover payments on existing contracts?

Mr. FASCELL. That is covered; yes.

Mr. BAILEY. Why did you not include the term "contracts" in that list that you used? There may be some doubt about it.

Mr. FASCELL. I do not think there is any doubt about the fact that the amendment adopted by the Senate in subsection (d) adequately covers it, as in fact did the original language which was replaced.

Mr. BAILEY. As a former State director of budget in West Virginia, we put in controls similar to this, except we went further and directed the budget director to set up an expenditure control account on every appropriation. The State of West Virginia has not since 1941 offered a budget that had 1 cent of a deficiency in it. We never let them spend unless they have an unencumbered balance in the current appropriation.

Mr. FASCELL. I thank the gentleman for his observation. It is our hope that we can make available to the Congress every tool possible for its enlightenment so that it can exercise more stringent control over the fiscal management of our country.

I might conclude by saying that the amendments of the Senate were referred to the Bureau of the Budget and concurred in by the Comptroller General of the United States and the Defense Department.

As a cosponsor of this legislation, I am happy to state that the long and torturous legislative road of this bill seems to be at an end. I trust that the House will overwhelmingly support the resolution concurring in the Senate amendments.

Mr. BROWN of Ohio. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. BYRNE].

Mr. BYRNE of Illinois. Mr. Speaker, I rise in support of this legislation. I introduced a companion bill seeking the same result. I trust that the legislation will be enacted into law.

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentlewoman from Illinois [Mrs. CHURCH].

(Mrs. CHURCH asked and was given permission to revise and extend her remarks.)

Mrs. CHURCH. Mr. Speaker, I, of course, rise in support of this bill. It is certainly not necessary to take time to explain or praise H. R. 8002, which has had, as a piece of legislation, many a long, tortuous and, I might add, unnecessarily difficult journey through the House.

You will remember that in the 84th Congress some of us spent a great deal of time and placed considerable emphasis on the necessity for putting adequate methods of accounting into Government practices. I rejoiced then in the passage of Public Law 863 which, for the first time, amazingly enough, put into operation a system of cost accounting in Government spending practice. When that bill was about to be considered, it became evident to some of us that it would never pass if the provisions of the paragraph that would have put into being the principle now worked out in H. R. 8002 were included, so as a matter of precaution that paragraph was eliminated at that time. But, Mr. Speaker, at the very beginning of the next Congress, in fact, in January 1957, the gentleman from Florida [Mr. ROGERS], the gentleman from California [Mr. LIPSCOMB], and myself immediately introduced bills to put into being a system which would state that appropriation estimates should be made on an annual accrued basis.

The measure which I myself introduced on January 29, 1957, H. R. 3961, in so providing that appropriation estimates should be stated on an annual accrued basis, sought to place the entire Government financial structure on an annual expenditure basis as opposed to the present complicated obligation system. It sought to reduce or eliminate the tremendous carryover balances of appropriations which the Comptroller General, at that time, estimated as amounting to some \$70 billion and over which the Congress, for all practical purposes, had lost complete control. It sought further to provide the Congress with much needed information concerning the actual cost of Government programs, the accomplishment obtained each year toward completion of each program, and the justification for new money required in each fiscal year. It was also thought that the bill would make these essentials of financial management more meaningful to the executive departments themselves and permit substantial savings—both in estimates and in spending.

H. R. 3961 was practically identical with H. R. 8002. Both represented the heart of the Hoover Commission recommendations concerning budgeting and accounting in Government. I, of course, threw my full support to H. R. 8002, the companion bill introduced by the gentleman from Florida [Mr. ROGERS] and reported out courageously by the House Committee on Government Operations.

This bill, Mr. Speaker, has the support not only of the Hoover Commission and of its task force, but of the Secretary of the Treasury, the Director of the Budget, the Comptroller General, and the Presi-

dent of the United States. It received, in addition, the wholehearted support of countless organizations, groups, and individuals who were interested in putting Government housekeeping on a sound basis.

Because of its purpose, as well as because of the support provided, a companion bill, with practically identical provisions, passed the Senate unanimously on June 5, 1957. When H. R. 8002 was brought before the House on March 6, 1958—and after being amended according to the suggestions of the gentleman from Massachusetts [Mr. WIGGLESWORTH], a member of the Committee on Appropriations—the bill passed by a vote of 311 to 87. The Senate, later acting on the latter House measure on July 31, 1958, again indicated its approval by an overwhelming vote of 68 to 6. It is interesting to note that seven separate hearings have been had on this legislation.

Mr. Speaker, in respect to the Senate amendments, though I accept them, I am an "unreconstructed rebel." I think the original provisions in H. R. 8002 were better than those of the finished form. I am sorry that additional amendments were accepted in either the House or Senate. Why? Because it would seem that the efforts made to meet the objections offered by those who disapprove of this bill have simply, in their eyes, made it less acceptable. At the same time, the measure has been regrettably weakened. But I shall urge the passage of the bill before us. I rise, I say, not to explain; I rise not to praise the bill; but I rise in praise of those leaders in the House who have carried this burden for so long, particularly of the gentleman from Ohio [Mr. BROWN] who, from the beginning, as father of the Hoover Commission, has fought to put better methods of fiscal housekeeping into being. And, of course, this bill (H. R. 8002) represents, as I have said, the heart of the Hoover Commission recommendations. I give my full measure of praise also to both of the gentlemen from Florida and to the gentleman from California, who have never swerved in their fight to make this bill a law. Particularly, Mr. Speaker, I would pay tribute to that large portion of the American public which is demanding some system of Government responsibility in fiscal affairs and fiscal planning. I think that the passage of this bill today—and I am sure that it will pass—is due to the interest of the American public who are demanding, at long last, that their money be spent well and wisely, more soundly, more economically. I trust that this measure will prove to be a real tool, a tool that will be used with conscience, with application and diligence, because certainly—and I say it again—at long last the American public is demanding that those funds which come from its hard-earned tax dollars be spent to the best advantage and be saved wherever possible.

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. NEAL. Mr. Speaker, I want to pay my respects to all Members who have so persistently combated delaying tactics so long responsible for the lateness of the legislation.

While it will place responsibility to closely scrutinize budgetary requests for appropriations on the part of authorized committees, it likewise will impose greater care of the House membership in digging deeply into the justifications for proposed expenditures.

Most surely in these days of unusual defense requirement the public is entitled dependable stewardship in this as well as every department and bureau empowered to administer the disposition of their tax contributions.

Mr. LIPSCOMB. Mr. Speaker, I rise at this time in support of H. Res. 674, which provides that the House shall agree with the Senate amendments to H. R. 8002 a bill to provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

I will not go into the basic merits of H. R. 8002, for this was very thoroughly covered here on the floor last March when the House passed this bill by a vote of 311 to 86.

It is my belief that the main purpose of H. R. 8002—to place improved control in Congress over the expenditure of funds by the Government—is substantially preserved in H. R. 8002 as amended by the Senate, and I believe H. Res. 674 should pass the House.

The first of the major Senate amendments would add a provision to the effect that the President could include in the budget, with proposed limitations on annual accrued expenditures, proposals to authorize the head of a department to make transfers, within his department, between such limitations on annual accrued expenditures.

Under another Senate amendment, the rules of the House and Senate would be changed to provide that Congress would include in any appropriation bill or joint resolution, provisions authorizing the head of a department to make transfers, within his department, between the limitations on annual accrued expenditures.

As can be seen, these two provisions supplement each other and are, in effect, interrelated parts of one basic provision. The first part authorizes the President to include in the budget proposals for provisions to authorize the head of a department to transfer limitations on annual accrued expenditures within his department; the second makes it in order for the Congress to include such provisions in appropriations bills or joint resolutions.

This authority is of course permissive, not mandatory, and could be exercised only as the President and the Congress see fit.

I believe, however, that a note of caution should be interjected here. Though I favor passage of H. R. 8002, as amended, it appears possible that the transfer

authority provisions could minimize the amount of congressional control over Government expenditures which this legislation originally was designed to achieve. If, for example, such authority is unwisely requested and, in turn, granted unwisely by the Congress, it could result in indiscriminating and irresponsible transfers of limitations within departments. If that were the case, any so-called limitation on annual accrued expenditures would be rendered meaningless. This is something that must be guarded against.

Thus, while I feel that these Senate-added amendments propose authority that may possibly be used to advantage on occasion by providing for flexibility of operation, I feel it will fall on Congress to zealously guard against losing control over the purse through unwarranted granting of such authority.

I feel it is unfortunate that the Senate amended H. R. 8002 to delete the provision providing that it would be in order to include in appropriations measures provisions pertaining to the availability of any appropriations or funds previously made. It is my belief that such a provision would help greatly in giving improved control to Congress over expenditures in the Federal Government.

In conclusion, I would like to say that I believe firmly in the basic merits of H. R. 8002, and in my opinion, it should pass the House as amended. This measure, properly put into effect, could go a long way in placing improved control in the hands of Congress over expenditures of the Federal Government.

Mr. VORYS. Mr. Speaker, in supporting this final step in the enactment of H. R. 8002 I want to congratulate our colleague the gentleman from Ohio [Mr. BROWN] and the others who have worked so long and hard to provide procedures that should facilitate the achievement of a balanced Federal budget, year by year, a balanced spending budget, based on income and outgo.

Although I started as a legislator 36 years ago in the Ohio General Assembly, and have spent 20 years in Congress, the only law which is known by my name is the Vorys budget law in Ohio, which has provided for a balanced budget for the State of Ohio and its subdivisions since its enactment in 1925. When I came to Congress I was astounded at the loose budgeting system which prevailed in the Federal Government. I found that the vast and complicated problems and processes of Government in Washington could not be brought under budgetary control by the means we had used in Ohio. I have followed the pioneering work of the Hoover Commission and the constructive labors of our House committees toward solving this problem. I congratulate my friend, the gentleman from Massachusetts [Mr. WIGGLESWORTH] on his statesmanship in providing a solution which would clarify the functions of the Appropriations Committee in the budgetary process. I am heartened that, as I leave Congress, machinery has at last been provided that will make it possible for the United States to have as good a budget system as the State of Ohio has had for so

many years. It is a simple matter to state the result we seek in order to balance the Federal budget, we must not spend more than we take in. This bill, H. R. 8002, will help in the complicated steps necessary to reach that result.

Mr. ADAIR. Mr. Speaker, doubts have been expressed as to whether or not this bill, H. R. 8002, will effect the economies claimed for it. Some contend that it will result in real governmental savings, others claim that it will not.

Members of the Hoover task force who studied this problem and made the recommendations which resulted in this legislation felt that it would bring about real savings.

It is my opinion that this will be the case. In any event, however, it seems to me that in these days of mounting Federal expenditures and increased deficits that we ought to give this new system a trial. Therefore, I support this proposed legislation. It is of the utmost importance that we do everything possible to bring about economy and efficiency in government.

Mr. DONOHUE. Mr. Speaker, I urge the unanimous adoption of this amended version of H. R. 8002, which provides for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

To those of us who were privileged to support the creation of the original Hoover Commission, this measure represents another forward step in a chief objective of the Commission to continuously introduce modern methods of financial accounting practices in place of the outmoded and antiquated system that was too long permitted to bewilder the understanding of Congress, prevent the constitutional control of the Congress over Government spending, and conceal great waste of the taxpayers' money.

The amended bill removes any impractical restriction upon the financial authority of the Secretary of Defense that otherwise might have unwittingly visited hardships upon the employees of those companies engaged in Defense contract work, and although the bill as now presented is far from perfect and does not include provisions that a great many members advocated, it still adds to the precedent of, and will serve as a stage from which further legislative advances in spending control can be accomplished in the future.

One of the basic responsibilities of the Congress is to exercise the greatest care in and control of the tremendous financial spending of the Federal Government, especially in these emergency years. All authorities agree that rigid accounting practices is the best approach to congressional understanding of Government financial operations and congressional insurance, by appropriate legislative measures that not \$1 of the hard-earned taxpayers' money will be spent needlessly, wastefully, corruptly, or extravagantly. This measure is at least one more step along the hard road to that congressional duty achievement. I hope you will all approve the taking of this step without further delay.

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, the parliamentary situation which confronts us is simply this, that by the adoption of this resolution, House Resolution 674, as reported some time ago by the Committee on Rules, the bill H. R. 8002, the so-called accrued expenditures budgeting bill, will be taken from the Speaker's table, and the Senate amendments will be agreed to. In other words, in voting for this resolution we will be voting to agree to the Senate amendments to this measure. So a vote for this resolution will actually be a vote to send, at long last, H. R. 8002 to the White House where it should have gone a long, long time ago. The position of the 85th Congress in support of modernized Federal budgeting as recommended by the bipartisan Hoover Commission, an arm of this Congress, and provided for in H. R. 8002, could hardly be more explicit. Let me review the record briefly.

In 1957, the Committee on Government Operations, upon which I am honored to serve, held extensive hearings on a bill which had previously passed the Senate by a unanimous vote. Then on March 6 of this year, following long and candid debate, the House overwhelmingly adopted the bill H. R. 8002, after it had been amended by a substitute offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH], a member of the House Committee on Appropriations. Then the usual unanimous-consent request was made to take the Senate bill from the Speaker's table, strike out all after the enacting clause and substitute therefor the provisions of the House bill. Rather peculiarly that request was objected to, so that it became necessary to message the House bill itself over to the Senate. There, again, delaying tactics were engaged in, and the bill was referred to the Committee on Appropriations of the other body.

After rather long hearings, that committee reported this bill favorably. That is the bill before us today, with amendments, that we are asking the House to approve here and now. In other words, these are the Senate amendments, the amendments which were written into the bill by the Committee on Appropriations of the other body. The gentleman from Massachusetts [Mr. WIGGLESWORTH] has explained those amendments, frankly and fairly and fully to you. He has made very clear just what they mean, what they are, what they will or will not do.

But then, when the bill came back from the Senate with amendments, the usual unanimous consent request, which is of the type made day after day and time after time, was submitted to take the bill from the Speaker's table and agree to the Senate amendments. Objection was made by one opponent of budgetary reform, and it became necessary to go to the Committee on Rules to obtain a rule. That rule, to the committee's glory and honor, was quickly reported out. So this resolution has been brought to the floor of the House making in order the

adoption of the Senate amendments. For some strange reason completely beyond my understanding, there has been a small band of willful persons in the House, which, notwithstanding the fact that the Senate had passed the original bill unanimously, that the House had passed H. R. 8002 by a vote of 311 to 86, that the Senate had again approved this legislation, H. R. 8002, with amendments, by a vote of 78 to 6, have made every attempt to thwart the will of the Congress and prevent this legislation, which will bring some reform in budgeting practices and fiscal policies in the handling of the public's money, from being passed.

Frankly, I cannot understand them. I do not know why these delaying tactics have been resorted to, why they should have been resorted to, or why these dilatory parliamentary maneuvers have gone on all during this long time.

This bill, H. R. 8002, as amended, has the support of the President of the United States. It has the unanimous support of the House Committee on Government Operations. It has the wholehearted support of the other body and two of its great committees. It has the support of this body, as indicated by its favorable vote of 311 to 86 not long ago. It has the support of the Hoover Commission. It has the support of the former President of the United States, Herbert Hoover. It has the support of the Bureau of the Budget, and it has the support of the General Accounting Office.

When the bill was before the House it had the support of the majority and minority leaders of this body. So, everyone seems to be out of step except a half a dozen or so of those who make up the little band of willful men. At last we have come to the end of this long trail, and at long last we bring this measure to an actual vote, as the concluding legislative action on it.

I would like to go ahead and explain to you, if I had the time, just exactly what these amendments mean but, as I said a moment ago, the gentleman from Massachusetts [Mr. WIGGLESWORTH] has done so most admirably, and I do not think it is necessary to take more of your time. However, I do wish to emphasize this, if I may, that the enactment of this legislation, by voting "Yes" on this resolution, means that we will have needed reforms in our budgetary practices, we will have reforms in our fiscal policies, the American people will be given the opportunity to know what is being done with the money they send down here in taxes; and the House Committee on Appropriations and the Senate Committee on Appropriations will have a greater and better opportunity to handle their chores and meet their responsibilities more efficiently and effectively. So there is no reason in the world why anyone should oppose this legislation.

First, some of those who oppose us, this band of willful men who oppose this bill and budgetary and fiscal reforms, told us that it was the Senate bill which was bad. Next they said, after we had redrafted the Senate bill and brought out the House bill, that it was the House

bill that was bad. Then later it was the substitute bill that was bad, in their opinion. Then when the House bill went to the Senate, and the Senate amended it, the original House bill suddenly became very good and the Senate amendments were bad, in their opinions. So, I cannot help wondering to myself just who is wrong and who is right. It seems as if everyone is out of step in this legislative army, except those who make up this little band of willful men who oppose this bill.

I believe that, under our processes of representative government, the majority has the right, and should have the right and the privilege and the opportunity, to work its will on legislation of this type. I am convinced that it is the will of the Congress and it is the will of the American people that we do have this badly needed budgetary reform. Also that we do have the need for fiscal responsibility in the handling of the people's money; and that they have an opportunity to know how and when and where their money is being expended.

Let us vote for this resolution and then send this bill to the White House where I am sure it will receive prompt approval.

Mr. O'NEILL. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia [Mr. PRESTON].

(Mr. PRESTON asked and was given permission to speak out of order, and to revise and extend his remarks.)

Mr. PRESTON. Mr. Speaker, I have just received a telegram advising that the price for flue-cured tobacco on the markets being operated today in Georgia has been 15 to 18 cents a pound. Earlier this week the price instantly fell 5 cents a pound, the reason for this being that some Member of the other body sent some investigators down to Georgia to the flue-cured tobacco markets to find out why tobacco was bringing as much in Georgia as it does in South Carolina, when the South Carolinians have to tie their tobacco before they sell it. They were critical of the price we were getting in Georgia, or critical of the price they thought it might get in South Carolina when the markets there opened later. They first open in Georgia, then in South Carolina.

It appears to me that the tobacco companies of America have deliberately dropped the price of tobacco because these Senate investigators went into the tobacco markets to find out why it was bringing as much in Georgia as it does in South Carolina. They estimate it takes 5 cents a pound to tie up tobacco.

I think it is a sad commentary that the tobacco companies would deliberately drop the price and bring it down now as much as 18 cents a pound when there has been great demand for the short crop this year.

It is unfortunate that such action was taken by the investigators of the other body, because the companies invariably seize on any opportunity to reduce the price and deprive the farmers of what they are justly entitled to.

Mr. O'NEILL. Mr. Speaker, I yield the remainder of the time to the gentleman from Florida [Mr. ROGERS].

(Mr. ROGERS of Florida asked and was given permission to revise and extend his remarks.)

Mr. ROGERS of Florida. Mr. Speaker, as has been stated before, we are finally at the end of the legislative trail, we hope, on this piece of legislation. I am not going to reiterate the tremendous support that this bill has had all over the country, not only from the President of the United States, the top fiscal officers of this Nation, the Members of this body and the other body including the Appropriations Committee of the other body. I simply want to state that the purpose of this legislation is to give the Congress greater control over the fiscal affairs of this Nation. Here is a management tool, as was brought out by a member of the Committee on Appropriations in his questioning, that can be used, if it will be used, by this Congress to set limitations on the spending in the governmental departments with the tremendous backlog of funds on hand that now amount to some \$70 billion, in addition to the moneys appropriated for this fiscal year. The method presented in this legislation will allow you and me, and will allow the Committee on Appropriations to determine what the departments may spend each year with this limitation and then let the departments come back at the end of the year to show the Committee on Appropriations and the Congress how they have spent that money and what they want to do in the next year. It is a simple measure. It is a business procedure. It brings about the two essentials which were in the original bill, and they are, first, the annual accrued expenditures method, and second, the limitation on expenditures. It is a good bill. We appreciate very much the fine work that has gone into this legislation by those who have participated and, particularly, the work of the chairman and the members of the Committee on Government Operations on both sides of the Capitol, and the many individual Members who have been willing to follow through on this legislation to try to bring about better management in our Government and some savings; because by better control we can bring about better management, by better management we can bring about more savings in the operation of this Government of ours.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. ROGERS of Florida. I will be glad to yield.

Mr. BAILEY. Are we to understand that a normal spending unit of the Government, when they come before the budget officer and the Committee on Appropriations, if they have a deficit and they overspent, we will say for this current year, are they compelled to absorb this overdraft to that extent? Are you trying to eliminate supplemental appropriations? Is that what you are trying to do?

Mr. ROGERS of Florida. Of course, we are hopeful that this will aid in doing that. However, I do not think it would be correct to say that the application of this act would automatically

do that. I would not want to give that impression. What this will do is to say to the Government departments, "You have so much. Here is your limitation." The Committee on Appropriations determines what that should be and recommends it to the House. The Congress will say, "Here is your limitation. If you want to go over that limitation, you have to come back and tell the Committee on Appropriations and this Congress before you do that so that we may know why and then decide." That will give us a closer rein and a closer check on spending.

Mr. BAILEY. But I am asking about the outstanding obligations of that spending unit in the nature of an overdraft when they come along and want to include that in a new appropriation or want to ask for a supplemental appropriation. Is this legislation broad enough to catch that?

Mr. ROGERS of Florida. I think it will tighten that up—yes, because they will have made their justification on the limitation that the Committee on Appropriations will approve. They have no authority to go over that limitation until they come back to the Committee on Appropriations and make a justification of it. In other words, this is to stop them really from going out and spending when they do not have the authority.

Mr. BAILEY. That is when they do not have the free balance?

Mr. ROGERS of Florida. And the free balance, because this takes away all the free balance in the backlogging of funds by placing a limitation each year.

Mr. GARY. Mr. Speaker, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from Virginia.

Mr. GARY. I would like to say that the Hoover Commission when they first recommended this legislation claimed that it would save the country \$4 billion annually. I hope the gentleman will come back next year with a list of the savings. I do not believe it will save this country one thin dime.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield to permit me to answer the gentleman from Virginia?

Mr. ROGERS of Florida. I yield briefly.

Mr. BROWN of Ohio. The Hoover Commission made no such claim whatsoever as the gentleman from Virginia stated. Instead, a task force of the Hoover Commission did state that if the 25 recommendations of the Hoover Commission relative to budgetary and fiscal policies were put into effect that the savings might go as much as \$4 billion.

Now, do not try to put words in the mouth of the Hoover Commission, because I happen to have been a member of that Commission and I happen to know what was said and what was done.

Mr. GARY. I am speaking of recommendations of the staff.

Mr. ROGERS of Florida. Mr. Speaker, I decline to yield further.

Mr. Speaker, I would like to say that I simply will refer the gentleman from Virginia to a statement made to the Comptroller of Defense. It is contained in the hearings and I would be glad to

show the statement to the gentleman showing the savings that were made as a result of the changeover to an accrual accounting system. In fact, I would like to call the gentleman's attention to the testimony given by the Comptroller of the Defense Department, Mr. W. J. McNeil, in the hearings held before the House Government Operations Committee, March and April of 1957, concerning the savings that have resulted in the Department of the Army alone by reason of the fact that in the stock funds the Department of the Army had begun to shift over to the annual, accrual accounting system, which is of course a principle embodied in this legislation:

Mr. ROGERS. I thought you had given examples of better management, for instance, in the Army, under this accrual system, where you said you saved about \$2.5 billion.

Mr. McNEIL. That is going back to human nature working for us, because no one can take anything off of the shelf, today, unless it is charged to today's operations and today's budget.

Mr. ROGERS. Which is really your accrual system working in your department, is it not?

Mr. McNEIL. Yes, sir.

Mr. ROGERS. Which brought about better management.

Mr. McNEIL. As a matter of fact, it forces the accrual principle into effect.

Mr. ROGERS. That saved, you estimated, about \$2.5 billion in the Army alone?

Mr. McNEIL. It is up to \$3 billion now.

Mr. ROGERS. I think that is very encouraging, and I am delighted to hear that.

Mr. BALDWIN. Mr. Speaker, I want to congratulate the gentleman from Florida and the gentleman from California for their effort and diligence in bringing this legislation to the House at this session of the Congress and the effort they have made to secure its passage. It is desirable and needed legislation.

Mr. ROGERS of Florida. I thank the gentleman from California for his kind words and for his help on this legislation.

Mr. O'NEILL. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

SALINE WATER PROGRAM

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the resolution (S. J. Res. 135) providing for the construction by the Department of the Interior of demonstration plants for the production, from saline or brackish waters, of water suitable for agricultural, industrial, municipal, and other beneficial consumptive uses, with a House amendment thereto, insist on the amendment of the House, and agree to the conference asked by the Senate.

The Clerk read the title of the resolution.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. ASPINALL, O'BRIEN of New York, HALEY, MILLER of Nebraska, and RHODES of Arizona.

Public Law 85-759
85th Congress, H. R. 8002
August 25, 1958

AN ACT

To provide for improved methods of stating budget estimates and estimates for deficiency and supplemental appropriations.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201 of the Budget and Accounting Act, 1921, as amended, is further amended by adding the following new subsections:

“(b) Whenever the President determines there has been established a satisfactory system of accrual accounting for an appropriation or fund account, each proposed appropriation thereafter transmitted to the Congress for such account pursuant to the provisions of this Act shall be accompanied by a proposed limitation on annual accrued expenditures. The President may include in the Budget with any such proposed limitation on annual accrued expenditures, proposals for provisions authorizing the head of a department or establishment to make transfers, within his department or establishment, between such limitations on annual accrued expenditures; and such provisions may limit by amount or by per centum the size of any transfer so proposed.

“(c) Whenever an appropriation is subject to a limitation on annual accrued expenditures, there shall be charged against the limitation the cost of goods and services and other assets received, advance payments made and progress payments becoming due, and the amount of any other liabilities becoming payable, during the fiscal year concerned.

“(d) At the end of the fiscal year concerned, any unused balance of the limitation on annual accrued expenditures shall lapse, except that whenever any liabilities are incurred within the limitation provided for in any fiscal year (whether or not recorded or reported in such fiscal year), nothing in this section shall be construed to prevent the making of payment therefor in any subsequent fiscal year.

“(e) Any obligations incurred during the fiscal year concerned or in prior fiscal years which do not result in liabilities becoming payable during the fiscal year concerned shall be charged against the limitation on annual accrued expenditures for any succeeding fiscal year in which such obligations may result in liabilities becoming payable.

“(f) Nothing in subsections (b) through (e) of this section shall be construed to change existing law with respect to the method or manner of making appropriations or the incurring of obligations under appropriations.”

SEC. 2. (a) It shall be in order to provide in any bill or joint resolution making appropriations, or in any amendment thereto, limitations on annual accrued expenditures covering amounts becoming payable as a result of obligations incurred both in the fiscal year concerned and in prior fiscal years, and to include in any such bill or joint resolution provisions authorizing the head of a department or establishment to make transfers, within his department or establishment, between such limitations on annual accrued expenditures; and such provisions may limit by amount or by per centum the size of any transfer so provided for.

(b) The provisions of subsection (a) of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they shall be considered as part of the rules of each House, respectively,

or of that House to which they specifically apply; and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the Constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

Termination. SEC. 3. This Act, and the amendments made thereby shall cease to be in effect April 1, 1962.

Approved August 25, 1958.